S. HRG. 99-184

FOREIGN RELATIONS AUTHORIZATION, FISCAL YEARS 1986 AND 1987

HEARINGS

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

S. 496

A BILL TO AMEND THE BOARD FOR INTERNATIONAL BROADCASTING ACT OF 1973 TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEARS 1986 AND 1987

S. 659

A BILL TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEARS 1986 AND 1987 FOR THE DEPARTMENT OF STATE, AND FOR OTHER PURPOSES

S. 684

A BILL TO PROVIDE FOR INCREASED PARTICIPATION BY THE UNITED STATES IN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, AND THE AFRICAN DEVELOPMENT FUND

S. 732

A BILL TO AMEND THE ARMS CONTROL AND DISARMAMENT ACT IN ORDER TO EXTEND THE AUTHORIZATION FOR APPROPRIATIONS, AND FOR OTHER PURPOSES

S. 785

A BILL TO AUTHORIZE APPROPRIATIONS FOR THE UNITED STATES INFORMATION AGENCY TO CARRY OUT IN FISCAL YEARS 1986 AND 1987 INTERNATIONAL INFORMATION AND EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS, AND FOR OTHER PURPOSES.

MARCH 28, 29, AND APRIL 1, 1985

Printed for the use of the Committee on Foreign Relations

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FOREIGN RELATIONS AUTHORIZATION, FISCAL YEARS 1986 AND 1987

(State Department)

THURSDAY, MARCH 28, 1985

United States Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 10:06 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee) presiding.

Present: Senators Lugar, Boschwitz, Pell, Zorinsky, Cranston, and Dodd.

The Chairman. This hearing of the Senate Foreign Relations Committee will come to order. Today's hearing will consider the administration's authorization request for the Department of State for the fiscal years 1986 and 1987.

The administration is requesting a total authorization of approximately $2,898,000 for 1986 and approximately $2,989,000 for 1987. The 1986 amount is a decrease of under 1 percent from the State Department's requested 1985 appropriation, including nearly $370 million in supplementals for security.

The 1986 request, however, is nearly 14 percent higher than the original 1985 figure without supplementals. The committee faces the twin task of doing our part to cut the Federal budget deficit while at the same time working to ensure both that our diplomats can perform their functions effectively and that they are adequately protected in what is often a hostile international environment.

[The text of S. 496, S. 659, S. 684, S. 732, and S. 785 follow:]

II

99TH CONGRESS
1ST SESSION

S. 496

To amend the Board for International Broadcasting Act of 1973 to authorize appropriations for fiscal years 1986 and 1987.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 22 (legislative day, FEBRUARY 18), 1985

Mr. LUGAR (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

---

A BILL

To amend the Board for International Broadcasting Act of 1973 to authorize appropriations for fiscal years 1986 and 1987.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, This Act may be cited as the "Board for International Broadcasting Authorization Act, Fiscal Years 1986 and 1987".

AUTHORIZATION OF APPROPRIATIONS

SECTION 1. Section 8(a)(1)(A) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877) (a) is amended to read as follows—

"(A) $142,125,000 for the fiscal year 1986 and $139,977,000 for the fiscal year 1987.".

○

II

99TH CONGRESS
1ST SESSION

S. 659

To authorize appropriations for fiscal years 1986 and 1987 for the Department of State, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 14 (legislative day, FEBRUARY 18), 1985

Mr. LUGAR (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

---

A BILL

To authorize appropriations for fiscal years 1986 and 1987 for the Department of State, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—DEPARTMENT OF STATE

SHORT TITLE

SEC. 101. This title may be cited as the "Department of State Authorization Act for fiscal years 1986 and 1987".

AUTHORIZATION OF APPROPRIATIONS

SEC. 102. In addition to amounts otherwise authorized for such purposes, the following amounts are authorized to be appropriated for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and other purposes authorized by law:

(1) For "Administration of Foreign Affairs", $1,844,202,000 for the fiscal year 1986 and $1,902,478,000 for the fiscal year 1987.

(2) For "International Organizations and Conferences", $502,574,000 for the first year 1986 and $527,119,000 for the fiscal year 1987.

(3) For "International Commissions", $26,278,000 for the fiscal year 1986 and $25,824,000 for the fiscal year 1987.

(4) For "Other Activities", $356,465,000 for the fiscal year 1986 and $358,582,000 for the fiscal year 1987.

STATE DEPARTMENT BASIC AUTHORITIES ACT

SEC. 103. Title I of the State Department Basic Authorities Act of 1956 (Public Law 84–885), as amended, is further amended as follows:

(1) Section 2 is amended to read, in the introductory clause, "The Secretary of State is authorized to—".

(2) Section 2(c) is amended by adding, in lieu of the semicolon at the end thereof, the following: ": *Provided,* That persons providing services under such contracts shall not be regarded as employees of the United

States Government for the purpose of any law administered by the Office of Personnel Management;".

(3) Section 34, as added by Public Law 98–164, is amended by substituting the terms, "$500,000 or 20 per centum" in lieu of the terms "$250,000 or 10 per centum" in subsection (7) therein.

(4) Section 36 of title I is redesignated section 37, and the following new section 36 is added:

"SEC. 36. Funds appropriated to the Department of State shall be available for expenses of international arbitrations and other proceedings for the peaceful resolution of international disputes under treaties or other international agreements, and for arbitrations arising under contracts authorized by law for the performance of services or acquisition of property, real or personal, abroad.".

FOREIGN MISSIONS ACT AMENDMENTS

SEC. 104. Title II of the State Department Basic Authorities Act of 1956 is amended by redesignating section 204A (added by Public Law 98–164) as section 214, and by further amending section 214, as redesignated, as follows:

(1) by striking the language in subsection (b)(3) of section 214 as redesignated, and substituting in lieu thereof the following: "has not satisfied a final court judgment against such member or individual adjudicated on the merits or is not legally liable: *Provided*, That this subsection shall not apply unless the Director re-

ceives notice in writing at the time of filing or initiating any administrative or judicial proceeding resulting in or forming the basis for such judgment, as well as copies of pleadings or other documents filed in connection therewith, and"

(2) by striking in the ultimate paragraph of subsection (b) of section 214, as redesignated, all that follows the terms, "or, if there is no court-rendered judgment", and substituting in lieu thereof the following: "in accordance with subsection (b)(3), an estimated amount of actual damages incurred by the injured party directly resulting from the fault of such member or individual. The payment of any such surcharge or fee shall be available only for compensation of the injured party or the estate thereof".

PROTECTION OF FOREIGN MISSIONS

SEC. 105. (a) Section 605 (Extraordinary Protective Services) of the Department of State Authorization Act, Fiscal Years 1984 and 1985, is redesignated as section 215 of title II of the State Department Basic Authorities Act of 1956, as amended.

(b) Subsection (a) of section 215 of title II, as redesignated is amended by substituting, in lieu of all that preceeds the clause, "to the extent deemed necessary by the Secretary", the following, "The Secretary is authorized to provide extradordinary protective services for foreign missions directly or by contract or through state or municipal authorities.".

SPECIAL AGENTS

SEC. 106. Public Law 84-104, as amended (22 U.S.C. 2666) is further amended to read as follows:

"(a) Under such regulations as the Secretary of State may prescribe, special agents of the Department of State and Foreign Service are authorized—

"(1) to conduct investigations concerning illegal passport or visa issuance or use, except that the authority provided in this subsection shall be exercised subject to agreement with the Attorney General and that nothing herein shall effect the investigative authority of any other Federal law enforcement agency;

"(2) to obtain, execute, and serve search warrants and arrest warrants and to serve subpoenas and summonses issued under the authority of the United States, for the purpose of conducting investigations authorized by paragraph (1);

"(3) in both the United States and abroad, to protect and to perform those protected functions, as authorized by law, directly related to maintaining the security and safety of—

"(i) heads of foreign states,

"(ii) official representatives of foreign governments and other distinguished visitors to the United States,

"(iii) the Secretary of State,

"(iv) the Deputy Secretary of State,

"(v) official representatives of the United States Government,

"(vi) members of the immediate families of any such persons, and

"(vii) foreign missions (as defined by title II of the State Department Basic Authorities Act of 1956, as amended) within the United States.

except that nothing in this subsection or section 215 of title II of the State Department Basic Authorities Act of 1956, as amended, shall be deemed to preclude or limit in any way the authority of the United States Secret Service to provide protective services pursuant to section 202 of title 3 of the United States Code or section 3056 of title 18 of the United States Code at a level commensurate with protective requirements as determined by the United States Secret Service;

"(4) if designated by the Secretary of State and qualified for the use of firearms, to carry firearms for the purpose of performing the duties authorized by this section;

"(5) to make arrests without warrant—

"(A) for any offense against the United States committed in their presence, or

"(B) if they have reasonable grounds to believe that the person to be arrested has committed a violation of section 111, 112(a), or 970(a) of title 18 of the United States Code and such person is in or fleeing from the immediate area of such violation.

"(b) The Secretary of State shall consult with the Attorney General before prescribing regulations with respect to the carrying and use of firearms by special agents of the Department of State and Foreign Service.".

SEC. 107. Public Law 88–493 (22 U.S.C. 2667) is repealed.

DETAIL TO OTHER AGENCIES

SEC. 108. Section 11 of the Department of State Appropriations Authorization Act of 1973, as amended (22 U.S.C. 2685), is repealed.

STRENGTHENING THE ORGANIZATION OF DEPARTMENT OF STATE

SEC. 109. (a) The first section of the Act entitled "An act to strengthen and improve the organization and administration of the Department of State, and for other purposes", approved May 26, 1949 (22 U.S.C. 2652), is amended by striking "thirteen" and substituting in lieu thereof the term "sixteen".

(b) Section 5315 of title 5, United States Code, is amended by—

(1) striking out the terms "Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, Department of State.", "Director, Bureau of Intelligence and Research, Department of State.", and "Assistant Secretary of State for International Narcotics Matters, Department of State.";

(2) substituting "(16)" in lieu of "(13)" immediately after the terms, "Assistant Secretaries of State"; and

(3) adding the following new position thereto:

"Director General of the Foreign Service, Department of State."; and

"Inspector General of the Department of State and the Foreign Service.".

(c) Section 9 of Public Law 93-126, as amended by section 9 of Public Law 93-313 (22 U.S.C. 2655a) and section 115(a) of Public Law 95-426 (22 U.S.C. 2652a) are repealed.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

SEC. 110. Public Law 94-37 (89 Stat. 216) is amended by designating all that follows the term, "That" as subsection (a), and by further amending subsection (a) as redesignated by substituting the terms, ", including territorial or governmental transition activities in connection therewith," in lieu of the terms "in the Middle East" therein.

MIGRATION AND REFUGEE ASSISTANCE AMENDMENTS

SEC. 111. The Migration and Refugee Assistance Act of 1962, as amended, is further amended as follows:

(a) Section 2 of the Act (22 U.S.C. 2601) is amended by inserting at the end thereof the following new subsection:

"(f) The President may furnish assistance and make contributions under this Act, notwithstanding any provision of law which restricts assistance to foreign countries.".

(b) Section 5(a) of the Act (22 U.S.C. 2605) is amended by striking the word "and" at the end of paragraph (5) therein, by renumbering paragraph (6) as paragraph (7), and by inserting the following new paragraph immediately after paragraph (5):

"(6) contracting for personal services abroad: *Provided,* That persons providing services under such contracts shall not be regarded as employees of the United States Government for the purpose of any law administered by the Office of Personnel Management;".

INTERNATIONAL CENTER

SEC. 112. The International Center Act (Public Law 90–553), as amended by Public Law 97–186, is further amended—

(a) in section 2 by inserting the terms "the Secretary or" before the terms "any foreign government" therein, and by substituting "described in" in lieu of the terms "conveyed pursuant to"; and

(b) in section 4, by inserting after the words "related improvements" in subsection (f) therein, the following, ", including construction of facilities for security and maintenance,".

FOREIGN SERVICE INSTITUTE FACILITIES

SEC. 113. In order to promote comprehensive training to meet the foreign relations and national security objectives of the United States, and to provide special facilities designed for that purpose to assure cost efficient training:

(a) Section 704 of the Foreign Service Act of 1980 (22 U.S.C. 4024) is amended by adding in lieu of the period at the end of subsection (5) therein, the following, "; the Secretary is authorized for this purpose to acquire a consolidated training facility in reasonable proximity to the Department of State by construction, lease construction, or long-term lease, in consultation with the Administrator of General Services, and is authorized for this purpose to accept a transfer of excess Federal sites or facilities in accordance with the normal established process prescribed by section 202(a) of the Federal Property and Administrative Services Act of 1949, as amended.".

(b) Of funds authorized to be appropriated under section 102(1) of title I of this Act for fiscal year 1987, not to exceed $11,000,000 may be expended for feasibility studies, site acquisition, and design, architectural, and engineering planning, in order to carry out the purposes of section 704(5) of the Foreign Service Act of 1980, as amended.

(c) Of the amounts authorized to be appropriated for fiscal year 1988, such sums as shall be necessary are made available for acquisition, including site preparation, construction, lease-construction, or renovation of a consolidated training facility, in order to carry out the purposes of section 704(5) of the Foreign Service Act of 1980, as amended.

AUTHORIZATION FOR PARTICIPATION IN PREPARATION FOR AUSTRALIAN BICENTENNIAL

SEC. 114. (a) The Congress finds that the American-Australian Bicentennial Foundation, a private nonprofit corporation established in 1983 for the purpose of coordinating all American official and private participation in the 1988 Australian bicentennial celebration, deserves and needs financial support to effectively carry out that purpose.

(b) In order to carry out the purposes of this section, the Secretary of State is authorized to make an annual grant to the foundation in support of its programs and operations to prepare for American participation in the Australian bicentennial celebration: *Provided, however,* That nothing contained herein shall amend or modify authority delegated to the Director of the United States Information Agency under section 102(a)(3) of the Mutual Education and Cultural Exchange Act of 1961, as amended.

(c) Funds authorized to be appropriated to the Department of State for the "Administration of Foreign Affairs" account for fiscal years 1986, 1987, and 1988 shall be available for grants under subsection (b).

○

II

99TH CONGRESS
1ST SESSION

S. 684

To provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Finance Corporation, and the African Development Fund.

IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, FEBRUARY 18), 1985

Mr. LUGAR (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

---

A BILL

To provide for increased participation by the United States in the International Bank for Reconstruction and Development, the International Finance Corporation, and the African Development Fund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 101. The Bretton Woods Agreements Act, as amended (59 Stat. 512, 22 U.S.C. 286 et seq.) is further amended by adding at the end thereof the following new section:

"SEC. 51. (a) The United States Governor of the Bank is authorized—

"(1) to vote for an increase of seventy thousand shares in the authorized capital stock of the Bank; and

"(2) to subscribe on behalf of the United States to twelve thousand four hundred and fifty-three additional shares of the capital stock of the Bank: *Provided, however,* That any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there are hereby authorized to be appropriated, without fiscal year limitations, $1,502,267,655, for payment by the Secretary of the Treasury.".

SEC. 102. The International Finance Corporation Act, as amended (69 Stat. 669; 22 U.S.C. 282 et seq.) is further amended by adding at the end thereof the following new section:

"SEC. 12. (a) The United States Governor of the Corporation is authorized—

"(1) to vote for an increase of six hundred and fifty thousand shares in the authorized capital stock of the Corporation; and

"(2) to subscribe on behalf of the United States to one hundred and seventy-five thousand one hundred and sixty-two additional shares of the captial stock of the Corporation: *Provided, however,* That any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

"(b) In order to pay for the increase in the United States subscription to the Corporation provided for in this section, there are hereby authorized to be appropriated, without fiscal year limitation, $175,162,000, for payment by the Secretary of the Treasury.".

SEC. 103. The African Development Fund Act, as amended (90 Stat. 591; 22 U.S.C. 290g et seq.) is further amended by adding at the end thereof the following new section:

"SEC. 29. (a)(1) The United States Governor of the Fund is authorized to contribute $225,000,000 to the fourth replenishment of the resources of the Fund.

"(2) Any commitment to make the contribution authorized in paragraph (1) shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution provided for in this section, there are authorized to be appropriated, without fiscal year limitation, $225,000,000 for payment by the Secretary of the Treasury.".

○

II

99TH CONGRESS
1ST SESSION

S. 732

To amend the Arms Control and disarmament Act in order to extend the authorization for appropriations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 26 (legislative day, FEBRUARY 18), 1985

Mr. LUGAR (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

---

A BILL

To amend the Arms Control and Disarmament Act in order to extend the authorization for appropriations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, Section 49(a) (22 U.S.C. 2589(a)) is amended to reas as follows:

"SEC. 49. (a) To carry out the purposes of this Act, there are authorized to be appropriated—

(1) for the fiscal year 1986, $25,614,000; and

(2) for the fiscal year 1987, such sums as may be necessary.

Amounts appropriated under this subsection are authorized to remain available until expended.".

SEC. 2. (a) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following:

"Deputy Director of the United States Arms Control and Disarmament Agency.".

(b) Section 5315 of title 5, United States Code, is amended—

(1) by striking out:

"Deputy Director of the United States Arms Control and Disarmament Agency."; and

(2) by adding at the end thereof the following:

"Assistant Directors, United States Arms Control and Disarmament Agency (4).".

(c) Section 5316 of title 5, United States Code, is amended by striking out:

"Assistant Directors, United States Arms Control and Disarmament Agency (4).".

○

II

99TH CONGRESS
1ST SESSION

S. 785

To authorize appropriations for the United States Information Agency to carry out in fiscal years 1986 and 1987 international information and educational and cultural exchange programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, FEBRUARY 18), 1985

Mr. LUGAR (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

---

A BILL

To authorize appropriations for the United States Information Agency to carry out in fiscal years 1986 and 1987 international information and educational and cultural exchange programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this title may be cited as the "United States Information Agency Authorization Act, Fiscal Years 1986 and 1987".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) In addition to the amounts otherwise authorized for such purposes, there are authorized to be appropriated for the United States Information Agency, $973,639,000 for the fiscal year 1986 and $1,154,177,000 for the fiscal year 1987 to carry out international information, educational, cultural, and exchange programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, Reorganization Plan Number 2 of 1977, the Radio Broadcasting to Cuba Act and the National Endowment for Democracy Act, and other purposes authorized by law.

(b) Amounts appropriated under this section are authorized to remain available until expended.

○

The **Chairman**. We look forward to today's witnesses to help us with this difficult task. We are pleased to welcome and hear testimony from the Under Secretary of State for Management, Ronald Spiers; Assistant Secretary of State for International Organization Affairs, Gregory Newell; Assistant Secretary of State for Administration and Security, Robert Lamb; and Director of the Bureau for Refugee Programs, James Purcell.

Gentlemen, if you would all come to the table, I would appreciate it. And the Chair will proceed by asking each of you to testify in the order that I announced your presence today. And then at that point, questions will come to you from the members of the committee. In this way we will have all of you available for questions and answers for all parts of the authorization.

We appreciate your coming and I would ask you to proceed, please, Mr. Spiers.

STATEMENT OF HON. RONALD I. SPIERS, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF STATE, ACCOMPANIED BY HON. ROBERT E. LAMB, ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF STATE; AND ROGER B. FELDMAN, COMPTROLLER, DEPARTMENT OF STATE

Ambassador **Spiers**. Mr. Chairman, I have a statement somewhat lengthier than I would like to deliver orally, which I would like to submit for the record.

The **Chairman**. It will be published in full in the record.

Ambassador **Spiers**. I would like to go over its highlights orally.

The **Chairman**. Very well.

Ambassador **Spiers**. I would like to begin by making a point that we in the State Department think is particularly important, and that is that the Department of State is the principal national security arm of the U.S. Government and in this respect it is comparable with our intelligence and military services. War starts only when diplomacy fails, and diplomacy, particularly today, is a frontline, worldwide, 24-hour-a-day activity.

Therefore, we believe that our budget request should be seen as part of the overall national security structure of the U.S. Government.

Mr. Chairman, for 1986 the Department of State is asking authorization for appropriations totaling $2,898,693,000. This represents a decrease of $18,468,000 below our 1985 funding level after that level is adjusted for the proposed supplemental appropriations, part of which have been made, all of which have been authorized.

In this bill as submitted by the administration, we are requesting current authorizations of $2,729,519,000. In addition, our plan is to utilize permanent authorizations totaling $169,174,000 for payment to the Foreign Service Retirement Fund and for contributions for international peacekeeping activities.

For 1987, we are requesting authorizations for appropriations totaling $2,989,337,000, an increase of $90,644,000 over the 1986 request. In this bill as submitted by the administration, we are asking for current authorizations of $2,814,003,000.

In addition, we plan to utilize permanent authorities in the same way as for 1986, totaling $175,334,000. Before going into the details of our authorization request, I would like to review very quickly some of the accomplishments of the past year.

First, in the field of foreign affairs reporting and analysis, we have established the new political and economic officer positions authorized by the Congress as part of the administration's high priority program to rebuild the Department's reporting and analysis capabilities; 60 percent of these positions were overseas.

We have opened five new Foreign Service posts, including embassies in Grenada and Brunei and consulates in Brisbane, Pusan, and Shenyang.

In the field of security, 144 posts worldwide have received funds for emergency perimeter security improvements. We have contracted with 10 U.S. construction firms to design and build major physical security improvements at 37 high-threat posts. Sixty fully armored vehicles will be delivered to posts worldwide by early fall of this year to augment the current woefully inadequate fleet.

Mobile security training teams have been formed and, after special training, will be dispatched to overseas posts in June to start training national security personnel.

In the field of reciprocity, we have imposed travel and real estate controls on certain foreign missions and their diplomats. We have begun issuing red, white, and blue Federal diplomatic license plates for vehicles owned by foreign missions as part of a program to require that all diplomatic vehicles carry adequate third party liability insurance.

In the management area, we are developing a 5-year work force plan to determine the appropriate size and structure of the Foreign Service. Our goals are to reduce staffing at the mid and senior levels and to add junior officer positions which will be staffing the Foreign Service of the future.

In the last promotion cycle, we took the difficult decision to curtail promotions into the Senior Foreign Service.

In the area of communications, we have formed a crisis communication team equipped with technical satellite systems that can provide emergency communications for three simultaneous crises. We have installed four classified information systems that provide paperless handling of sensitive information at overseas posts.

While we are proud of these accomplishments, a great deal remains to be done. Therefore, we are requesting authorization for fiscal 1986 in four major categories: First, we seek $1,962,376,000 for the administration of foreign affairs—to cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance. Second, in the category of international organizations and conferences, we request $553,574,000 to cover assessed contributions to international organizations of which the United States is a member, contributions for U.N. peacekeeping activities, and American participation in multilateral international conferences. Third, under the heading of international commissions, $26,278,000 is required to meet our treaty commitments under boundary agreements with Canada and Mexico and to cover our share of expenses as a member of 11 international fisheries commissions. Finally, in the category of other appropriations, we request $18,785,000 for bilateral science and technology agreements with Yugoslavia and

Poland, support for the Asia Foundation, and the Soviet East European Research Training Fund. The year 1986 is the first time in 14 years that the Department of State is not requesting an increase in funding. We recognize that we are operating in a harsh fiscal environment and we will do our best to meet the challenges which are central to the security and economic vitality of the United States.

The Department's budget strategy has been to hold the line on spending in all areas except those we judge absolutely essential to accomplish our mission. While we cannot fund all our current activities at existing levels, we will, of course, seek to increase productivity through automation and management improvements to absorb significant workload increases that we anticipate in areas such as passports and administrative support.

There are, however, three important areas that the Secretary of State and the President believe must be maintained and strengthened. They are:

First, continuing the expansion and improvement in the Department of State's ability to obtain and interpret foreign policy information through improved reporting and analysis;

Second, to improve further the security of our people overseas; and

Third, to improve our personnel management and training.

I would like to mention a few things about reporting and analysis. What we mean is information about the thoughts and plans of key foreign leaders, the factors which influence them, how they make policy decisions, how they will react to our decisions and those of other countries.

We must predict trends in tensions and objectives. Ultimately, this is information that is used by the Secretary of State to make judgments and policy recommendations to the President of the United States. These recommendations are based on reporting and analysis, and they are critical to our national security.

The Department is the singlemost important source of foreign affairs information for the entire U.S. Government. In the case of national security, intelligence, and economic intelligence categories, more than half of the information available to the Government is provided by the Department of State.

Concerning the internal politics of other countries, the Department provides about two-thirds of this information. State's ability to meet national reporting and analysis requirements has seriously atrophied in the previous decade because of budget constraints which have generally applied to the Department of State and not to other national security agencies.

With the support of the Congress, we have begun the important process of restoring our weakened capabilities. Based on the advice of our Ambassadors, assessments by our regional bureaus, evaluations by the Bureau of Intelligence and Research, inspection reports, and advice from other elements of the intelligence community, the Department of State has identified specifically where our reporting and analysis capability is deficient, and we have produced a 3-year plan to remedy that deficiency.

This year, the administration is seeking 176 positions for this purpose.

Let me say a few words about the issue of security. Last year, the Secretary told the House and Senate Appropriations Committees that he was taking two steps. First, an immediate effort to improve worldwide security primarily in the Persian Gulf area, and second, that he planned to convene a high-level advisory panel to study how the worldwide security problems would affect us in the future and to make recommendations to deal with them.

As you know, the bombing in Beirut led to a greatly expanded effort to strengthen the security of our facilities and people overseas. This is an effort which received the strongest possible congressional support. All of our posts have intensively reviewed their security needs, and these reviews have been the basis for quick action.

We have made immediate improvements at 23 high-threat posts. We are planning to construct 13 new office buildings that will meet new security standards. In addition, we have contracted with private firms to provide longer term improvements at 38 of our posts. We have kept congressional leadership advised of our progress on a regular and detailed basis.

It has been a crucial necessity for us to spend more money to protect our people abroad, and the Congress, on a bipartisan basis, has been enormously helpful. Last year, the Congress authorized a $361 million security supplemental of which $110 million was appropriated. That money is currently funding the bulk of the new measures that we are taking, but this is not a one-shot proposition. The need to improve the security of our facilities overseas is going to be a continuing requirement that will be with us for some time.

We are now seeking the balance of this emergency authorization in a 1985 supplemental appropriation to allow us to start the construction of these new embassy buildings and other essential actions. This is a major undertaking, and delay, of course, extends the period of danger to our people.

The high-level advisory panel was formed last summer under the chairmanship of retired Adm. Bobby Inman. Its members include Senator Rudman; Representative Mica; former Under Secretary of State Eagleburger; Ambassador Anne Armstrong; Lt. Gen. D'Wayne Gray, the Chief of Staff of the Marine Corps; and Mr. Robert McGuire, former police commissioner of New York and now president of Pinkerton's.

This distinguished and experienced group has been meeting intensively and plans to give the Secretary of State a report and its final recommendations in late May. But it has recently given us some preliminary suggestions which point the way to additional requirements. The most important preliminary finding of the panel is that facilities at perhaps 139 of our 262 posts abroad do not meet our new minimum security standards and are in need of replacement or significant overhaul.

For example, some posts are located on the streets in downtown areas, while others are vulnerable for a variety of other reasons.

There is one other development in the security area that I would like to comment on. The Secretary of State recently announced the formation of a new joint venture between the State Department and the private sector; that is, the Overseas Security Advisory Council. The members of this Council will come from a wide range of American businesses that operate abroad, American law enforcement agencies, and other foreign affairs agencies.

By working together with the private community to enhance security, I believe that we can be more effective in saving lives and reducing the dangers of doing private or official business abroad.

I would like to finish my remarks with a few thoughts about personnel management and training in the Foreign Service. It is a truism to say that our people are the Department's most important resource. The Department of State is essentially a salaries and expenses agency, and we cannot lose sight of this fact. That is why we attach substantial importance to improved security, to benefits and pay, and to training.

For the last 60 years, the Congress of the United States has directed the Department to provide training in foreign affairs for the Foreign Service and other Government agencies without providing a location for it. The Foreign Service Institute, which has become one of the finest training centers in the language area and professional studies in the world has been housed in a series of temporary buildings, apartments, a garage, and generally unsatisfactory office space in Rosslyn. We are going to have to curtail the training program mandated by the Congress in the Foreign Service Act of 1980 if we do not get new space.

The time has come to establish a permanent national foreign affairs training center to serve all of the foreign affairs agencies of the U.S. Government. To that end, we are seeking authorization for the establishment of such a facility for the Foreign Service Institute.

As you review our request, I ask you to keep in mind the bravery, devotion to duty and sacrifice made by the men and women in the Foreign Service. Our people are constantly exposed to the dangers of terrorism, kidnaping, bombings, and mob action. In just the last 2 years, 21 Americans assigned to Foreign Service posts abroad were killed by hostile action.

In a world in which the threat of terrorism is mounting and we are all called upon to deal with a difficult, dangerous and debilitating array of problems, it is the Foreign Service of the United States which is out on the front line. Allowances, differentials, and benefits do not enrich Foreign Service personnel. They compensate only partially for unhealthful or dangerous living conditions or the absence of services such as public education, to which all of our compatriots at home are entitled. Now, their salaries are reduced in this budget as a function of the 5-percent pay cut.

Mr. Chairman, I would be pleased, along with my colleagues, to answer questions from you and members of the subcommittee on this presentation.

[Mr. Spiers' prepared statement follows:]

PREPARED STATEMENT OF HON. RONALD I. SPIERS

Mr. Chairman and Members of the Committee:

I am here today to discuss the President's authorization request for the Department of State. The Department is a principal national security arm of the United States Government, comparable with our military and intelligence services. War only starts when diplomacy fails. Diplomacy is the front line, world wide, 24 hours a day. As a result, this budget should be seen as a fundamental part of our national security program.

For 1986, the Department is requesting authorizations for appropriations totaling $2,898,693,000. This represents a decrease of $18,468,000 below our 1985 funding level after adjusting for proposed supplemental appropriations. In this bill, as submitted by the Administration, we are requesting current authorization of $2,729,519,000. In addition, we plan to utilize permanent authorizations totaling $169,174,000 for Payment to the Foreign Service Retirement Fund and for Contributions for International Peacekeeping Activities.

For 1987, we are requesting authorizations for appropriations totaling $2,989,337,000. This represents an increase of $90,644,000 as compared to the 1986 request. In this bill, as submitted by the Administration, we are requesting current authorization of $2,814,003,000. In addition, we plan to utilize permanent authorizations totaling $175,334,000 for Payment to the Foreign Service Retirement Fund and for Contributions for International Peacekeeping Activities.

Before discussing the details of our authorization request, I would like to tell you about some of our accomplishments since I talked with you last.

In the field of Reporting and Analysis:

-- We have established the new political and economic officer positions authorized by the Congress as part of the Administration's program to rebuild the Department's reporting and analysis capabilities. Sixty percent of these were overseas positions; some of the domestic positions were used to augment our analysis of terrorist organizations and activities.

-- We have opened five new Foreign Service posts, including embassies in Grenada and Brunei and consulates in Brisbane, Australia; Pusan, Korea; and Shenyang, China. (Shenyang is the third consulate we have opened in China.)

In the field of Security;

-- 144 posts worldwide have received funds for emergency perimeter security improvements.

-- We have contracted with 10 U.S. construction firms to design and build major physical security improvements at 37 high-threat posts abroad. These firms are beginning to survey construction requirements this month.

- -- 60 fully armored vehicles will be delivered to posts worldwide by early fall of this year to augment the current fleet, which is woefully inadequate.

- -- Mobile security training teams have been formed and after special training will be dispatched to overseas posts in June to train foreign national security personnel and Americans in antiterrorist tactics, such as defensive driving, and hostage survival techniques.

I will come back to Reporting and Analysis and Security in a moment.

In the field of Reciprocity;

- -- We have imposed travel and real estate controls on certain foreign missions and their diplomats (mostly Eastern Bloc).

- -- We have begun issuing red, white and blue federal diplomatic license plates for vehicles owned by foreign missions and their personnel as part of a program to require that all diplomatic vehicles carry adequate third party liability insurance.

In the field of Management;

-- Partly in response to OMB and the Grace Commission, we are developing a five-year workforce plan to determine the appropriate size and structure for the Foreign Service. Our goals are to reduce staffing at the mid and senior levels and add junior officer positions. In the last promotion cycle, we took the difficult decision to curtail promotions into the Senior Foreign Service.

In the field of Communications;

-- We have formed a crisis communication team equipped with tactical satellite systems that can provide emergency communications for three simultaneous crises.

-- We have installed four classified information systems that provide "paperless" handling of sensitive information at overseas posts.

I am proud of these accomplishments, but much remains to be done.

Mr. Chairman, we are keenly aware of the President's and Congress's efforts to reduce the Federal Budget deficit. We are presenting a very austere budget that continues our initiatives in the security and substantive reporting areas -- but absorbs requirements in crucial administrative support areas and passport workload.

The Department's 1986 request is below that necessary to continue all of our operations at their requested 1985 levels. Indeed, our 1986 proposal is even below the enacted 1985 authorization level.

Fiscal Year 1986 Authorization

The 1986 Budget request covers four categories of appropriations as follows:

First, we are requesting $1,962,376,000 for the Administration of Foreign Affairs -- to cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance.

Our request is a $43.2 million net decrease from the requested 1985 amounts and has the following components:

-- $55.9 million decrease in our foreign buildings programs. This reduction results primarily from one-time 1985 costs for major security-related building projects in the Middle East. The reduction also includes a decrease of $14.4 million in the Foreign Building Special Foreign Currency appropriation because of certain one-time project costs for Pakistan and Burma and the removal of the Indian rupee from excess currency status.

-- A $10.4 million net increase in our Salaries and Expenses appropriation. Increased funding for overseas security, reporting and analysis and communications is largely offset by the non-recurrance of one-time 1985 security cost, management savings resulting from productivity increases and the American pay reductions proposed by the Administration.

-- A net $2.3 million increase in the other appropriations in this category.

Second, in the category International Organizations and Conferences, the Department is requesting $553,574,000 to cover assessed contributions to international organizations of which the United States is a member; contributions for United Nations peacekeeping activities; and American participation in multilateral international conferences. The request is $8.7 million above the 1985 level. This increase is consistent with the President's policy of zero net program growth and significant absorption of non-discretionary cost increases. The request does not include any funding for a payment to UNESCO.

Third, under the heading of International Commissions, $26,278,000 is requested to meet our treaty commitments under boundary agreements with Canada and Mexico -- and to cover our share of expenses as a member of eleven international fisheries commissions. This request is $507,000 below 1985 levels after reflecting non-recurring items of $1,825,000, primarily the one-time ($1,326,000), Federal payment to San Diego for treatment of Mexican sewage.

Finally, in the "Other Appropriations" category, we are requesting $356,465,000. The largest part of this category will provide assistance to migrants and refugees through contributions to a variety of international organizations and voluntary organizations including the Intergovernmental Committee for Migration, the United Nations High Commissioner for Refugees and the United Nations Relief and Works Agency. Also included in this category are resources for Bilateral Science and Technology Agreements with Yugoslavia and Poland, the Asia Foundation, and the Soviet-East European Research Training Fund. The increase of $16.6 million above the 1985 will provide for:

-- program initiatives to discourage dependency on welfare and increased transportation costs of newly arrived refugees;

-- the appropriation of funds for a Science and Technology Agreement with Yugoslavia;

-- and the planned resumption of a similar suspended Agreement with Poland. While we have indicated to the Government of Poland that it would be inappropriate at this time to initiate negotiations leading to an accord on this Agreement, we do wish to have these funds available when we conclude that it would be suitable to proceed.

Technical Provisions in FY 86-87 Authorization Bill

In addition to the authorization of appropriations, the Bill will provide legislation in the following sections:

- Section 103(1) requests a technical change to improve and facilitate the appropriations process.

- Section 103(2) requests amendments to overseas contracting authority to allow overseas personal service contracts with Americans as well as local nationals and to provide that such persons are not considered employees of the U.S. government, but are protected for worker compensation and tort claim purposes.

- Section 103(3) increases the reprogramming notification threshold from $250,000 or 10 percent to $500,000 or 20 percent. We believe the raising of this threshhold will still allow the Congress sufficient oversight of Department programs while permitting us some increase in managerial flexibility.

- Section 103(4) transfers to basic authorities provisions contained in the annual appropriation act to authorize expenditures related to arbitration of international agreements and contracts.

- Section 104 clarifies the insurance and liability obligations of persons in the U.S. who have diplomatic or consular immunity and who drive or own vehicles and the rights of any third party alleging injury.

- Section 105 transfers to the Department's Basic Authorities and clarifies the authority of the Department to provide extraordinary protective services for foreign missions and foreign dignitaries.

- Sections 106 and 107 clarify the Department's authority to have its law enforcement personnel conduct investigations, carry firearms and make arrests.

- Section 108 removes the one year restriction on Department personnel detailed to other agencies to expand career development opportunities.

- Section 109 adds two new Assistant Secretary positions and consolidates 16 Assistant Secretaries at the same place in Title 5 and 22. It also puts the Director General and the Inspector General at Executive level 4 to reflect the reality that those postions are equivalent to Assistant Secretaries in terms of responsibility.

- Section 110 requests that our authority under Public Law 94-37 to pay assessments for U.N. peacekeeping forces not be limited to the Middle East. This is not a change in policy; it merely recognizes that future U.N. peacekeeping forces may have to be established in other areas of the world, such as the proposed United Nations Transition Assistance Group in Namibia.

- Section 111 would allow refugee assistance on humanitarian grounds to countries for which direct economic and military assistance may be prohibited by statute and provides authority to contract for personal services.

- Section 112 provides authority to construct a facility to provide on-site security and other support services to the International Center Project, currently under development by the Department in Washington, D. C.

- Section 113 provides authorization for construction of a consolidated training facility in reasonable proximity to the Department. The Foreign Service Institute cannot satisfactorily perform its government-wide foreign affairs training function at the various dispersed sites it operates in Rosslyn, Virginia.

- Section 114 authorizes funds for grants related to American participation in the 1988 Australian Bicentenial.

Resource Management

Mr. Chairman, I would now like to address several resource management issues.

As I stated earlier, in keeping with Presidential and the Congressional commitments to reduce the Federal deficit, we are presenting a very austere budget.

In this climate of fiscal constraint, I think it is important to lay out carefully what initiatives this authorization will provide.

This request includes the following increases:

-- An overseas inflation allowance of 5.4%.

-- The next phase of the reporting and analysis program (176 positions and $11.4 million);

-- Significant continued investment to protect our people, property and national security information overseas (141 positions and $30.8 million);

-- Information systems programs including enhanced computer security, upgrading the Foreign Affairs Information System (FAIS) and strengthening intelligence systems support (27 positions and $11.7 million);

-- Communication enhancements including Classified Information Handling Systems (CIHS) and shielded enclosures for communication centers at overseas posts (20 positions and $17.5 million);

-- Initiation of new Foreign Buildings capital projects including Khartoum, Abidjan, Cotonou, Santiago, Algiers, Tunis, Port Moresby, Shanghai, Jakarta, Ankara, Istanbul, Baghdad and Guangzhou. ($52.7 million)

We also hope to absorb through productivity increases the resources required for workload increases in such areas as consular services, overseas and domestic administrative support, communications, and medical support. Of particular interest, is our plan to absorb the currently projected 6% increase for passport demand in 1986. An unexpectedly larger increase could adversely affect our plans to absorb the workload.

Mr. Chairman, I would now like to describe in greater detail the two areas of emphasis in this request -- reporting and analysis of foreign affairs information and the security of our people and properties abroad. Our request continues to upgrade our capability in both of these areas.

This Committee's continued support for both of these programs has been essential. Your prompt action on the 1984 Act to Combat International Terrorism was particularly gratifying to the Department's employees all over the world. We also appreciated the Committee's support for the reporting and analysis program in recent years.

It is crucial that we further strengthen the reporting and analysis of foreign political and economic events -- our most essential function. We must continue to improve the foreign affairs information and analysis available to the Department, the foreign affairs and intelligence agencies and ultimately to the President.

For this purpose in 1986, we are requesting 176 positions and $11.4 million to meet immediate, specific needs for additional reporting and analysis. Following extensive internal and inter-agency Executive Branch reviews of foreign affairs issues and the national security requirements for additional information, the position-by position country requirements were identified as the minimum essential increase to perform this vital role.

Regarding security, The Secretary has testified to this Committee about the initial findings of the Inman Panel. That Panel was formed to look at the future ramifications for us of the multi-dimensional world-wide security problem.

The Panel's preliminary report finds that the facilities of perhaps 139 of our 262 posts abroad are in need of replacement or significant overhaul from a security point of view. The panel calls for replacing the facilities at more than half of our posts within five years.

Under this authorization we will spend approximately $401 million for security related requirements in 1986 (14% of total). In the Salaries and Expenses appropriation we seek increased resources totaling $59.7 million and 121 positions, primarily for the following security areas:

-- Regional Security Officers (77 positions $9.5 million);

-- Overseas Security Engineers (31 positions $7.2 million);

-- audio countermeasures ($1.0 million);

-- marine security guards for 12 embassies ($3.3 million);

-- public access controls ($4.3 million);

-- other security support costs ($5.0 million);

-- improved information systems security program (13 positions $3.7 million);

-- upgrade of the Classified Information Handling System ($11.0 million); and

-- shielded enclosures ($1.6 million).

Within the total Foreign Buildings programs of $344.7 million, $151 million is for requirements driven by immediate security concerns. Included are the following program elements:

-- Acquisition, development, and construction of overseas properties ($120 million);

-- Anti-terrorism security features at numerous overseas properties ($22 million); and

-- Security upgrades at high threat post communications centers ($9 million).

Fiscal Year 1987 Authorization

The Department is also presenting a total authorization request of $2,989,337,000 for 1987. In this bill, as submitted by the Administration, we are requesting current authorization of $2,814,003,000. In addition, we plan to utilize permanent authorizations totaling $175,334,000 for Payment to the Foreign Service Retirement Fund and for Contributions for International Peacekeeping Activities. This request is consistent with the President's multi-year planning estimates and represents an increase of $90,644,000 as compared to the 1986 request. The major components of this change are as follows:

-- A net increase of $70,133,000 for Salaries and Expenses for built-in changes, primarily to keep pace with inflation overseas.

-- A net decrease of $13,004,000 for the regular foreign buildings program, for non-recurring construction projects.

-- A net increase of $22,986,000 for Contributions to International Organizations to fund anticipated increases, largely due to inflation, in assessed contributions.

-- A net increase of $10,529,000 in other programs.

Mr. Chairman, Roger Feldman, Comptroller of the Department, and Bob Lamb, Assistant Secretary for Administration and Security, are with me today to address our overall authorization requirements. We will try to respond to any questions you and members of the Committee may have.

The **Chairman**. Thank you very much, Secretary Spiers. I think we will proceed with each of the witnesses and conduct questioning after we have heard each of the presentations.

I would like now to call upon Hon. Gregory Newell, Assistant Secretary for International Organization Affairs.

Secretary Newell.

STATEMENT OF HON. GREGORY J. NEWELL, ASSISTANT SECRETARY FOR INTERNATIONAL ORGANIZATION AFFAIRS, DEPARTMENT OF STATE

Mr. **Newell**. Thank you, Mr. Chairman, and members of the committee. I am very pleased to be before you again today requesting the funds necessary in 1986 and 1987 for the Department of State's International Organization Affairs Bureau. To do this, I would like first to request that the full text of my remarks be included for the record, and then I would like to proceed to summarize them.

The **Chairman**. Without objection, it will be published in full in the record.

Mr. **Newell**. Thank you, Mr. Chairman. To put our request for 1986–87 into proper context, I would like to go back, if I could, 3 years to indicate the policies and priorities of the Bureau of International Organization Affairs in order to indicate what progress we have made and the reason for our request today.

Three years ago we established five policy priorities to guide the activity in 96 multilateral institutions, the first of which policy priority is that of reasserting American leadership in international organizations with a commitment and a desire to move away from the practice of damage limitation in these institutions and toward more constructive activity in and through the multilateral system.

The second policy priority deals with the budgets. We sought zero net program growth and significant absorption of the nondiscretionary cost increases occasioned by inflation and unfavorable rates of exchange. Hereby we seek, and we sought, to curtail the growth of U.N. agency budgets which have increased 300 percent in the past decade in this account.

The purpose of this is twofold: No. 1, the financial purpose, recognizing economic reality; and No. 2, to insist on ceilings in the international institutions so that the Secretariats would be forced up against ceilings whereby they would be forced, in response, to set priorities, to eliminate lower priority programs, obsolete programs, et cetera.

The third policy priority deals with the private sector. We have sought to encourage and advance the private sector as a problem-solving mechanism in international organizations using the resources and the vitality of the private sector in assisting us in our policy development and policy implementation.

The fourth policy priority deals with the hiring of Americans in international organizations. For the past 15 or 17 years, these numbers have decreased repeatedly. We have sought not only to stop that decline, but to get Americans hired in the acceptable, agreed-upon ranges of these institutions.

And the fifth policy priority deals with conferences and our desire to accredit and field smaller, better-qualified delegations, further in advance, so that we could rally support, domestically and internationally, for our positions before we arrive center stage at a conference site. We have also herein indicated the desire to reduce Government travelers to such meetings by 30 percent.

With these 5 policy priorities, then, we began a systematic analysis of each of the 96 institutions, asking ourselves, not only in the Department of State, but throughout the U.S. Government including other departments and agencies—just what we sought specifically to achieve with, for example, the World Health Organization over the course of the following 12 months, applying each of these 5 policy priorities.

Having determined what we needed—and what we would ask them to assume in terms of responsibility and leadership—we then tasked out to whatever department or agency was appropriate here, to see that that particular agreement was implemented.

Following this process of 18 months of evaluation and analysis, there surfaced, in our view, three systemic problems in the multilateral system. The first of which was that of extraneous politicization of the specialized and technical agencies, making, if you will, many general assemblies out of these various institutions, driving and pulling them away from their assigned specific technical responsibility and into the political realm.

The second problem was that of the U.N.'s affinity for statist theories and concepts—the commitment to put into the hands of governments and centralized mechanisms—rather than in the hands of individuals—the implements for real development—such as are manifested in the New World Information and Communications Order, and New International Economic Order.

We have two problems with statist theories: No. 1, they don't work. They have been proven unworkable in the past three decades. No. 2, they seek to minimize individual creativity and, in fact, individual liberty.

The third problem which we have alluded to already is that of budget growth and mismanagement in the system.

With these three problems then identified, we developed recommendations as to how we might overcome those problems, we then met with other governments to seek their advice and their support. Then we met with Secretariats, the heads thereof—meeting with them systematically to make these criticisms and the recommendations known as to how we could overcome these problems.

Over the course of a year to 15 months, we saw a perceptible change in the directions of these institutions, notably in the FAO, the ILO, the ITU, the IAEA, UNEP, ICAO, and we could mention others.

We feel that this process has borne fruit, not only for the United States, but also for the Third World, for whom these institutions are basically designed.

A quick report in terms of leadership. I think if one were to reflect on the political issues of this last General Assembly, the 39th, one would see very readily that the United States has been in a strong position in terms of its interests in Puerto Rico, Micronesia, Antarctica, Afghanistan, Kampuchea, chemical weapons, Israeli credentials, and the rest. There there has been a noticeable, discernable change in direction, and, we believe, a firming up of positions supporting our real interest, not only in the General Assembly, but throughout the multilateral system.

So, we believe U.S. leadership has been restored, and we seek now to maintain that restoration.

On the question of budgets, we have for the first time—with the exception of two or three institutions out of the 96—had budgets proposed at or near zero net program growth. A quick calculation would indicate to us that this means a savings to the U.S. Government of $134 million in the last fiscal year.

But equally as important as the fiscal is the importance which this initiative has had in establishing mechanisms for better management and for rationalization of programs in the multilateral system. I would cite, for example, the United Nations Development Program, which has reduced its professional staff in New York by 7.54 percent, taken those resources, and allocated them out to the field. Another example is the Pan American Health Organization, which reduced its Washington base cost by 16 to 17 percent, taking those funds and putting them out into the field.

On the question of private sector initiatives, we now have established in most of the major institutions private sector mechanisms, not only to feed into this apparatus for our problem solving and policy development, but also we have taken many of those in the private sector with us to conferences to assist us and to backstop us in Geneva, Paris, Rome, Vienna, et cetera.

On the question of conferences, we have had, in fact, a 32-percent reduction of Government travelers. Our delegations are being accredited much further in advance, rallying support not only in the West, but also in the Third World.

And on the personnel issue, we have seen the halt of the decline of Americans in the system. Two years ago, in fact, we saw an 18.6 percent difference in terms of Americans being hired in the international institutions.

So all of this, we believe, gives us encouragement now as we enter the 40th year of the United Nations. We are encouraged by the position of the United States. We have been encouraged by the fruit that has been borne not only at the initiative of the United States but of other member states, and we hope that continuing the support which this represents will bear even greater fruit not only for the United States, but for the Third World in general.

Thank you, Mr. Chairman.

[Mr. Newell's prepared statement follows:]

DEPARTMENT OF STATE
AUTHORIZATION OF APPROPRIATIONS
FISCAL YEARS 1986 AND 1987
STATEMENT OF
GREGORY J. NEWELL, ASSISTANT SECRETARY OF STATE
FOR INTERNATIONAL ORGANIZATION AFFAIRS
BEFORE
THE SENATE FOREIGN RELATIONS COMMITTEE
MARCH 28, 1985

Mr. Chairman, Members of the Committee:

It is a pleasure to appear before you today in support of our requests for Fiscal Years 1986 and 1987, totalling $502,574,000 and $527,119,000, respectively, for the International Organizations and Conferences (IOC) Chapter of the Department's Authorization of Appropriations Bill. As you know, this authorization covers two separate appropriations. Our requests under the IOC Chapter for fiscal year 1986 include: Contributions to International Organizations, $495,235,000; and International Conferences and Contingencies, $7,339,000. In addition to the amount requested to be authorized under this Chapter, the Department plans to use the permanent legislation as authorization for our request for

$51,000,000 in 1986, for Contributions for International Peacekeeping Activities. I will discuss each of these requests in turn.

As I have discussed with this Committee before, Mr. Chairman, the work of the Bureau of International Organization Affairs has been guided by an emphasis on selected policy priorities. To continue building on past accomplishments of the United States in multi-lateral forums, we reformulated the Bureau's policy priorities last summer. I would like to briefly review with you the six priorities that currently guide the activities of the Bureau.

Our first priority, as it had been earlier, is to ensure that we will attain effective American Leadership and Participation in international organizations. In order to achieve this end, it is essential -- as ever -- to formulate policies early, to enunciate them clearly, and to lobby for them extensively. Moving from a damage limitation mode to one of constructive leadership, as we have sought to do over the past three years with some success, has required that we more deftly orchestrate our participation in UN system activities. We have felt that we should, that we could~~,~~ and that we did put more of our own ideas and resolutions on the table; that we could strengthen allied cooperation in pursuit of common goals;

AND THAT WE COULD HONORABLY ENCOURAGE AND INDUCE MODERATE NONALIGNED COUNTRIES TO SPEAK FORCEFULLY IN DEFENSE OF THEIR OWN TRUE INTERESTS -- RATHER THAN IN REFLEXIVE RESPONSE TO BLOC STIMULI.

OUR SECOND PRIORITY IS, AGAIN, TO SEEK RESPONSIBLE BUDGET AND MANAGEMENT PRACTICES. WE HELPED DRAFT -- AND WE FULLY SUBSCRIBE TO -- A POLICY STATEMENT ON INTERNATIONAL ORGANIZATION ASSESSED BUDGETS THAT WAS ADOPTED BY MEMBERS OF THE GENEVA GROUP -- WESTERN-ORIENTED MEMBERS CONTRIBUTING ONE PERCENT OR MORE TO THE ASSESSED BUDGETS OF THE UN SPECIALIZED AGENCIES. THE JOINT POLICY STATEMENT OF THE GENEVA GROUP AT THE CONSULTATIVE LEVEL, FOR THE SECOND HALF OF THE 1980S, CALLS FOR A GENERAL COMMITMENT TO ZERO REAL GROWTH AND MAXIMUM ABSORPTION OF NONDISCRETIONARY COST INCREASES. THIS POLICY RECOGNIZES THE NEED FOR NEW PROGRAM INITIATIVES -- BUT REQUIRES THAT THEY BE FINANCED WITHIN EXISTING RESOURCE LEVELS. DURING THE FIRST HALF OF THE 1980S WE EMPHASIZED ZERO REAL GROWTH. FOR THE SECOND HALF OF THE 1980S, WE SHOULD PLACE GREATER EMPHASIS ON IMPROVED MANAGEMENT AND ON COST EFFECTIVENESS IN THE DELIVERY OF PROGRAMS -- AS WE HAVE BEGUN TO DO. WE WILL NOT FLAG IN OUR EFFORTS TO ELIMINATE OR REDUCE COMPLETED, OBSOLETE, MARGINAL AND INEFFECTIVE ACTIVITIES -- BUT THE TIME HAS COME, ADDITIONALLY, TO CALL FOR RENEWED SCRUTINY OF EXPENDITURES MADE FOR ADMINISTRATIVE AND COMMON SERVICES. WE HAVE NO TASTE FOR

IDLE RHETORIC ON THIS SCORE. THERE ARE SIMPLE AND REAL STEPS THAT CAN BE TAKEN TO PRODUCE SALUTARY RESULTS. IN OUR VIEW, RESPONSIBLE BUDGET PRACTICES MUST BEGIN WITH DECIDEDLY MORE RESTRAINT RESPECTING THE LARGEST COMPONENT OF INTERNATIONAL ORGANIZATION BUDGETS, VIZ., PERSONNEL COSTS. PERSONNEL COSTS ACCOUNT FOR OVER 70% OF UN SYSTEM EXPENDITURES. WE NOTE -- AND WE SHARE -- THE INCREASED CONCERN THAT IS NOW EVIDENT IN THE CONGRESS WITH RESPECT TO INTERNATIONAL ORGANIZATION PERSONNEL COSTS.

THE THIRD ITEM WE HAVE PLACED ON OUR LIST OF PRIORITIES IS NEW TO THE LINE UP. IT MIGHT SEEM TECHNICAL, BUREAUCRATIC, AND DEADLY DULL -- BUT IT CUTS, IN FACT, TO THE HEART OF UN SYSTEM PERFORMANCE. IT IS IMPORTANT THAT UN SYSTEM AGENCIES PERFORM WELL AT HEADQUARTERS. IT MAY BE EVEN MORE IMPORTANT THAT THEY PERFORM WELL IN THE FIELD. OUR THIRD PRIORITY, THEN, IS TO IMPROVE EVALUATION MECHANISMS AND CONDUCT ASSESSMENTS OF FIELD PROGRAMS. WE ACTIVELY SUPPORT THE WORK OF THE UN JOINT INSPECTION UNIT. WE ARE, AS A VITAL FIRST STEP, ACTIVELY SEEKING TO STRENGTHEN ITS INFLUENCE THROUGHOUT THE UN SYSTEM. THE JIU HAS A CRUCIAL IMPORTANCE FOR THESE REASONS:

- IT IS THE ONLY INTERGOVERNMENTALLY CHOSEN BODY THAT IS INDEPENDENT OF THE SECRETARIATS.

- IT HAS INVESTIGATIVE POWERS THROUGHOUT THE WHOLE UN SYSTEM.

- O IT MAKES ITS FINDINGS AND RECOMMENDATIONS PUBLICLY AVAILABLE TO MEMBER STATES.

THE JIU'S REPORTS AND RECOMMENDATIONS HAVE HELPED US TO FOCUS ON AREAS THAT REQUIRE IMPROVEMENT, IN THAT THEY HAVE, FOR EXAMPLE:

- O ENCOURAGED AGENCIES TO ESTABLISH (AND IMPROVE) EVALUATION UNITS AND SYSTEMS.
- O TIGHTENED TRAVEL PROCEDURES.
- O CALLED FOR MORE CONTROL OVER THE COSTS OF CONSULTANTS.

WE HAVE, IN ADDITION, LAUNCHED A FIELD STUDY OF OUR OWN WITH THE OBJECT OF REVIEWING THE EFFECTIVENESS OF VARIOUS UN SYSTEM AGENCIES IN DELIVERING ASSISTANCE IN RECIPIENT COUNTRIES. AN IO-LED TEAM HAS VISITED SEVERAL WEST AFRICAN COUNTRIES TO ASSESS WORLD FOOD PROGRAM (WFP) FIELD ACTIVITIES. WE PLAN VISITS TO ADDITIONAL WFP PROJECTS IN EAST AFRICA AND IN CENTRAL AMERICA. WE WILL BE HAPPY TO SHARE WITH INTERESTED MEMBERS OF CONGRESS THE RESULTS OF OUR FIELD STUDIES AS THEY ARE COMPLETED.

OUR REVISITED FOURTH PRIORITY, MR. CHAIRMAN, ONE THAT IS ALSO NEW -- AT LEAST AS A SPECIFICALLY STATED OBJECTIVE -- IS TO KEEP EXTRANEOUS POLITICAL ISSUES OUT OF THE SPECIALIZED AGENCIES. WE INSIST, CANDIDLY AND CLEARLY, THAT CONFERENCE CHAIRMEN, SECRETARIATS AND KEY MEMBER STATES MUST ALL WORK TO KEEP THE MEETINGS OF THE UN'S SPECIALIZED AGENCIES AND PROGRAMS

FOCUSED ON THEIR ASSIGNED TECHNICAL SUBJECTS. CONTINUED ABUSE OF THE UN SYSTEM, OCCASIONED BY INCLUSION OF EXTRANEOUS POLITICAL ISSUES IN AGENDAS AND DELIBERATIONS, IS QUITE CLEARLY CONTRARY TO THE CHARTERS OF THE SEVERAL UN SYSTEM ORGANIZATIONS. REPETITION OF SUCH PRACTICES WILL, IN SEVERAL WAYS, INEVITABLY LEAD TO ADVERSE CONSEQUENCES. BOTH THE SECRETARY OF STATE AND THE CONGRESS HAVE MADE IT VERY CLEAR THAT THE UNITED STATES WOULD WITHDRAW ITS PARTICIPATION AND SUPPORT FROM ANY UN ORGANIZATION THAT IMPROPERLY DENIED TO ISRAEL HER UNDOUBTED RIGHT TO PARTICIPATE. THIS REMAINS, AT EVERY LEVEL, A FIRM U.S. POLICY TODAY.

OUR FIFTH PRIORITY IS TO CONTINUE TO INCREASE THE ROLE OF THE PRIVATE SECTOR. WE FORTHRIGHTLY PROMOTE MULTILATERAL INITIATIVES THAT CAN COMPLEMENT AND ENCOURAGE PRIVATE SECTOR APPROACHES TO THE PROBLEMS OF DEVELOPMENT. THE WORLD IS RATHER GENERALLY COMING TO RECOGNIZE THAT SOCIALIST ECONOMIC SYSTEMS JUST DON'T WORK. WE FIND GROWING SIGNS OF A STEADY TURNING AWAY FROM MARXIST AND STATIST RHETORIC (AND FROM SUCH ECONOMIC MODELS) TOWARD FREER, MORE OPEN, AND MORE EFFICIENT ECONOMIES. IF DEVELOPMENT EFFORTS IN THE THIRD WORLD ARE TO BE SUCCESSFUL, THEY MUST ENLIST INCREASED PRIVATE SECTOR PARTICIPATION.

OUR SIXTH PRIORITY IS TO INCREASE THE PRESENCE OF U.S. NATIONALS IN INTERNATIONAL ORGANIZATIONS. WE ARE INSISTING, AT THE HIGHEST LEVELS, THAT THE NUMBER OF AMERICANS EMPLOYED BY ANY GIVEN INTERNATIONAL ORGANIZATION FALL, IN FACT, WITHIN THE AGREED-UPON RANGE. WE ARE IDENTIFYING UPCOMING POLICYMAKING VACANCIES AT AN EARLY STAGE, AND ARE SEEKING TO ENSURE THAT U.S. NATIONALS WILL, AS APPROPRIATE, BE RECRUITED AND PROMOTED TO FILL THESE POSITIONS. IN THE SAME VEIN, ONE OF OUR IMPORTANT RELATED GOALS IS TO INCREASE THE NUMBER OF AMERICANS OCCUPYING POSITIONS IN INTERNATIONAL ORGANIZATIONS AT JUNIOR LEVELS. IT IS VERY IMPORTANT, AS WE WELL UNDERSTAND, TO SEE TO IT THAT JUNIOR LEVEL PEOPLE ARE GIVEN OPPORTUNITIES TO MOVE UP WITHIN THOSE ORGANIZATIONS. WE BELIEVE, GENERALLY, THAT PROMOTION FROM WITHIN HELPS TO IMPROVE THE EFFECTIVENESS OF THE RELEVANT ORGANIZATIONS. TO SUPPORT THAT APPROACH, AND, AT THE SAME TIME, SECURE APPRORIATE PLACMENT OF U.S. NATIONALS, REQUIRES THAT WE GIVE HEIGHTENED ATTENTION TO THE RETENTION AND PROMOTION OF JUNIOR LEVEL EMPLOYEES. WE WISH TO BE ASSURED THAT WE WILL FIND A SIGNIFICANT AMERICAN PRESENCE IN INTERNATIONAL ORGANIZATIONS IN THE FUTURE.

NOW, MR. CHAIRMAN, I WOULD LIKE TO TURN TO THE SPECIFICS OF THE IOC CHAPTER OF THE DEPARTMENT'S 1986-87 AUTHORIZATION BILL.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

OUR FISCAL YEAR 1986 REQUEST FOR CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS REFLECTS ONLY A 1.5 PERCENT INCREASE OVER FISCAL YEAR 1985 REQUIREMENTS. THIS, IN TURN, REFLECTS THE SUCCESS OF OUR DETERMINED EFFORT IN THE RECENT PAST TO CONTAIN THE GROWTH OF INTERNATIONAL ORGANIZATION ASSESSED BUDGETS. THIS HAS ALL TAKEN PLACE BECAUSE WE HAVE, WITH SOME FAIR SUCCESS, PURSUED A POLICY, FOR THE FIRST HALF OF THE 1980S, THAT CALLED FOR ZERO NET PROGRAM GROWTH AND SIGNIFICANT ABSORPTION OF NONDISCRETIONARY COST INCREASES. IN MARCH, 1984, THE GENEVA GROUP, WITH OUR FULL SUPPORT, AGREED TO CONTINUE THAT POLICY, ON AN EVEN MORE RESTRICTIVE BASIS, DURING THE SECOND HALF OF THE DECADE.

IN CONCERT WITH OUR GENEVA GROUP COLLEAGUES, THE UNITED STATES HAS MADE REPEATED DEMARCHES TO THE EXECUTIVE HEADS OF UN AGENCIES. THEY HAVE STRESSED THAT:

- BUDGETS MUST REFLECT MAXIMUM RESTRAINT,
- PRIORITIES MUST BE ESTABLISHED AND ADHERED TO,
- INEFFECTIVE PROGRAMS MUST BE TERMINATED, AND
- INTENSIFIED SCRUTINY MUST BE APPLIED TO EXPENDITURES FOR ADMINISTRATIVE AND COMMON SERVICES.

IN NOVEMBER OF LAST YEAR, INSTRUCTIONS FOR IMPLEMENTING AND ACHIEVING U.S. POLICY OBJECTIVES IN THIS REGARD WERE SYSTEMATICALLY CONVEYED TO ALL DIPLOMATIC AND CONSULAR POSTS.

AS WE MEET, ONLY TWO OF THE MAJOR UN SYSTEM AGENCIES HAVE ACTED ON THEIR DRAFT 1986-87 BUDGETS. THE WORLD HEALTH ORGANIZATION HAS DONE SO. ITS BUDGET REFLECTS ZERO REAL GROWTH. THE INTERNATIONAL LABOR ORGANIZATION HAS ALSO DONE SO. AT THE RECENTLY CONCLUDED ILO GOVERNING BODY MEETING, THE U.S. DELEGATION NEGOTIATED RIGOROUSLY, AND SUCCEEDED IN REDUCING THE THE PROPOSED REAL GROWTH FROM 2.2 TO 1.1 PERCENT ON A NET BASIS. OUR DELEGATION WAS ALSO SUCCESSFUL, MOREOVER, IN URGING THE ILO TO REVISE ITS EXCHANGE RATE UPWARD. THE RESULT OF THAT REVISION IS THAT THE 1986-87 DRAFT BUDGET REPRESENTS A NOMINAL INCREASE OF ONLY 0.2 PERCENT, FOR THE BIENNIUM, OVER 1984-85. WE UNDERSTAND THAT THE 1986 DRAFT BUDGET FOR THE INTERNATIONAL ATOMIC ENERGY AGENCY WILL CONTAIN ZERO REAL GROWTH (FOLLOWING A REAL GROWTH LEVEL OF 0.2 PERCENT IN 1985).

WE ARE CONFIDENT, MR. CHAIRMAN, THAT THIS TREND WILL CONTINUE. THE CLEAR AND BASIC THRUST OF OUR BUDGET POLICY HAS ACHIEVED REMARKABLE SUCCESS IN CHANGING THE TONE OF THE BUDGET REVIEWS IN UN AGENCIES AND OTHER GROUPS. WHEREAS REQUESTS FOR MORE AND EVER MORE FUNDS ONCE PASSED BY UNCHALLENGED, AMID PERVASIVE AND GENERALIZED INDIFFERENCE, BUDGET REQUESTS ARE NOW

SUBJECTED TO SHARP, SOMETIMES PAINFUL, EXAMINATION. PRECISELY BECAUSE WE DO REMAIN COMMITTED TO THE PURPOSES AND IDEALS REFLECTED IN THE CHARTERS OF THE VARIOUS UN SYSTEM AGENCIES, WE HAVE COMMITTED OURSELVES TO MAKE EVERY EFFORT TO WORK FROM WITHIN (WHERE WE OBTAIN ANY RESPECTFUL HEARING AT ALL) TO ASSURE THAT THE AGENCY'S RESPONSIBILITIES ARE IMPLEMENTED IN THE MOST EFFECTIVE AND ECONOMICAL MANNER POSSIBLE. OUR GOAL IS TO ENSURE THAT U.S. WISHES AND CONCERNS ARE TAKEN INTO ACCOUNT. WE DO ASK, RIGHTLY, THAT THEY BE CAREFULLY EVALUATED AND MEANINGFULLY WEIGHED.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

AS YOU KNOW, MR. CHAIRMAN, THE APPROPRIATION FOR CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTVITIES PROVIDES FUNDING FOR THE UNITED NATIONS PEACEKEEPING FORCES ON THE GOLAN HEIGHTS AND IN SOUTHERN LEBANON. THESE PEACEKEEPING FORCES, AT LEAST FOR THE PRESENT, ARE THOUGHT BY MOST CONCERNED PARTIES, INCLUDING SOME WHO ARE OTHERWISE HOSTILE, TO BE IMPORTANT TO PEACE AND STABILITY IN THE MIDDLE EAST. THE UNITED NATIONS DISENGAGEMENT OBSERVER FORCE (UNDOF), ESTABLISHED IN 1974, MONITORS THE DISENGAGEMENT AGREEMENT ON THE GOLAN HEIGHTS. UNIFIL, THE UNITED NATIONS INTERIM FORCE IN LEBANON, WAS ESTABLISHED IN 1978. ITS CONSISTENT OBJECTIVE HAS BEEN TO AID, WHERE POSSIBLE, IN RESTORING THE AUTHORITY OF THE LEBANESE GOVERNMENT IN SOUTHERN LEBANON. ITS OBJECTIVE, SHARED WITH OTHERS, AND WITH U.S. POLICY GENERALLY, IS TO STABLILIZE CONDITIONS IN THAT TROUBLED AREA. IN RECOGNITION OF THE COLLECTIVE FINANCIAL RESPONSIBILITY OF ALL MEMBERS FOR THE MAINTENANCE OF PEACE AND SECURITY, THE EXPENSES OF THESE FORCES ARE APPORTIONED BY THE UNITED NATIONS GENERAL ASSEMBLY IN ACCORDANCE WITH ARTICLE 17(2) OF THE CHARTER. OUR FISCAL YEAR 1986 REQUEST OF $51,000,000 WILL ENABLE US TO MEET OUR ASSESSED CONTRIBUTIONS GOING TO SUPPORT THESE FORCES.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

AGAIN, MR. CHAIRMAN, THE INTERNATIONAL CONFERENCES AND CONTINGENCIES APPROPRIATION PROVIDES FUNDING FOR

- o OFFICIAL U.S. PARTICIPATION IN MULTILATERAL INTERGOVERNMENTAL CONFERENCES,
- o CONTRIBUTIONS FOR THE U.S. SHARE OF EXPENSES OF NEW OR PROVISIONAL INTERNATIONAL ORGANIZATIONS, AND
- o PARTICIPATION OF U.S. CONGRESSIONAL GROUPS IN INTERPARLIAMENTARY UNIONS.

OUR FISCAL YEAR 1986 REQUEST IS FOR $7,339,000 IN NEW BUDGET AUTHORITY. INCLUDED IN OUR REQUEST FOR CONFERENCE PARTICIPATION IS $1,750,000 FOR CONTINUED PARTICIPATION IN THE MUTUAL AND BALANCED FORCE REDUCTIONS NEGOTIATIONS (MBFR).

THIS CONCLUDES MY PREPARED STATEMENT. I WILL BE HAPPY, MR. CHAIRMAN, TO ANSWER ANY QUESTIONS YOU AND OTHER MEMBERS OF THE COMMITTEE MAY HAVE.

The CHAIRMAN. Thank you very much, Mr. Newell.

We will turn now to Mr. James N. Purcell, Director, Bureau for Refugee Programs.

Mr. Purcell.

STATEMENT OF JAMES N. PURCELL, JR., DIRECTOR, BUREAU FOR REFUGEE PROGRAMS, DEPARTMENT OF STATE

Mr. PURCELL. Thank you, Mr. Chairman. I have a lengthy statement which I will submit for the record with your approval.

The CHAIRMAN. It will be published in full in the record.

Mr. PURCELL. I will highlight that statement.

Mr. Chairman, we are faced today, I believe, with a perilous, dangerous, and worsening refugee situation around the world. When you look at hot spots from the Horn of Africa to the Thai-Cambodian border, to Central America, to the plight and protection of Palestinians in the Middle East, you can see that the refugee situation is at a serious level today.

We estimate that there are over 8 million refugees in the world, and that number is growing in dramatic proportions. Frequently, the precarious situations of these victims of unrest are exacerbated by other factors including natural disasters. We are all aware of the tragedy in Africa today. Most refugees find asylum in neighboring countries that cannot adequately provide for their own needs.

Many of these host countries are of interest to the United States for strategic and other foreign policy reasons and need to be supported in their efforts to assist refugees.

The United States, in continuing its leadership role in this humanitarian field, must also continue to respond to the needs, to resettle refugees in this country when voluntary repatriation or settlement in the region of first asylum and a long-term or permanent basis are not possible.

To maintain the U.S. leadership role in this humanitarian program, the administration is requesting a budget of $338 million in 1986, an increase of $12 million over 1985.

I would like to briefly characterize that request which I will conveniently, for your information, divide into four major categories. Our first category, refugee admissions to the United States, we are requesting $130.1 million, an increase of $26.9 million over 1985.

This activity comprises about 40 percent of our budget and will provide for the admission to the United States of approximately 68,000 refugees in 1986. Of the $26.9 million increase over the 1985 level, about $20 million is attributable to the expansion of the reception and placement program here in the United States to cover financial responsibility for all basic necessities for the refugees' first 90 days after admission to the United States in order to discourage welfare dependency.

This initiative is similar to that proposed in the Refugee Assistance Extension Act passed by the House this past year.

Our second category is refugee assistance programs overseas on a regional basis, for which we are requesting $180 million. This budget provides approximately the current level of support to meet estimated core program costs of the international organizations and other agencies that carry out international relief and resettlement programs overseas.

Within this request, we are asking for $26.5 million for refugee assistance in Southeast Asia, $51 million for refugee assistance in Africa, $87 million in the Near East and South Asia, and $15.7 million in Latin America.

Our third category is overseas assistance on a nonregional basis. We are requesting $19.5 million, a decrease of $2.5 million from last year. A major program in this category is a request for a $12.5 million contribution to the United Israel Appeal to assist in resettling Jewish refugees in Israel.

Our last category is our administrative expenses for which we are requesting $7.9 million, a decrease of $270,000 from the previous year. Within this amount, we are requesting three additional positions, one for English language and cultural orientation programs abroad; second, for monitoring of our domestic resettlement program; and third, a refugee coordinator in Central America.

For 1987, we will be requesting $339.6 million. This will continue programs at essentially current levels overseas and will provide for the admission to the United States of 62,000 refugees.

Mr. Chairman, in addition to these budget authorizations, we have two other amendments. First, we are requesting that in the interest of humanitarian concerns, the President be granted the authority to furnish refugee and migration assistance notwithstanding provisions of law which prohibit or restrict assistance to certain countries.

In this connection we are trying to get the same authority that presently exists for other major humanitarian programs; namely, the Office of Foreign Disaster Assistance in AID and the Food for Peace Program.

Second, we are also requesting authority for the refugee program to contract for overseas personal services to address refugee needs. This authority would allow the Bureau to adjust personnel as needed in response to urgent program requirements.

Mr. Chairman, I will stop here to entertain your questions.

[Mr. Purcell's prepared statement follows:]

PREPARED STATEMENT OF JAMES N. PURCELL, JR.

Mr. Chairman and Members of the Committee:

It is a pleasure to appear before you today to present the Department of State's Migration and Refugee Assistance authorization request for FY 1986-87. Accompanying me are Robert L. Funseth, Senior Deputy Assistant Secretary of the Bureau, and Rozanne Oliver, Director of the Office of Program Budget.

Mr. Chairman, strife and persecution continue to create refugee crises of substantial proportions on virtually every continent. We estimate that over 8 million refugees in the world today are outside their country because of these unfortunate circumstances. Frequently, the precarious situations of these victims of unrest are exacerbated by other factors, including natural disaster. Every person here is aware of the most dramatic example--the current tragic famine in Africa, which has affected not only those in their own homelands but has resulted in the flight of hundreds of thousands across national boundaries in search of relief.

Most refugees find asylum in neighboring developing countries that cannot adequately provide for their needs. Many of these host countries are of interest to the United States for strategic and other foreign policy reasons, and need to be supported in their efforts to assist these persons. The United States must also continue to respond to needs to resettle refugees in this country when voluntary repatriation or settlement in the region of first asylum on a long-term or permanent basis are not possible.

To address these humanitarian and foreign policy concerns, the Department is requesting a Migration and Refugee Assistance authorization of $337,680,000 in FY 1986, an increase of $12 million over the FY 1985 funding level, and $339,582,000 in FY 1987.

The Migration and Refugee Assistance request for FY 1986 does not include funds for the emergency response to the present famine in Africa. These emergency programs funded by the Refugee Program have largely been funded to date from the Emergency Refugee and Migration Assistance Fund, which is a separate appropriation to fund urgent and unexpected needs which are not anticipated in a regular budget request. The Committee may recall that the President has authorized a drawdown of the Fund twice in the past year for Africa, the most recent of which was $25 million in January of this year.

As I recently testified before the House Appropriations Subcommittee on Foreign Operations, it is essential that this Emergency Fund be replenished to the level of $33 million by enactment of our 1985 supplemental request of $25 million. This fund is a critical backstop to our programs of humanitarian relief.

Furthermore, in the FY 1986-87 Department of State authorization bill, we are proposing two provisions to clarify our authorities under the Migration and Refugee Assistance Act of 1962, as amended. First, we are requesting that, in the interest of humanitarian concerns, the President be granted the authority to furnish refugee and migration assistance notwithstanding provisions of law which prohibit or restrict assistance to certain countries. This provision would allow us to continue to assist, through the most effective means, needy refugees who are located in countries subject to such restrictions as the Hickenlooper amendment. Currently, we are constrained from providing direct assistance bilaterally or to private voluntary agencies assisting refugees in countries for which direct economic and military assistance is prohibited by other statutes. I might note that a similar authority is already provided for the Disaster Assistance account of the Agency for International Development, the narcotics assistance account of the State Department, and food relief assistance under Title II of P.L. 480.

We are also requesting authority for the refugee program to contract for overseas personal services to address refugee needs. This authority would allow the Bureau to adjust personnel as needed in response to urgent program requirements. In particular, this authority would greatly assist in meeting refugee crises, which suddenly arise from time to time and frequently require personnel to monitor the situation and administer relief programs. The current situation in Africa is an excellent example. Wherever possible, the Bureau for Refugee Programs has addressed these needs by temporary details of personnel from our own bureau, or other bureaus or agencies, although these needs could be addressed more efficiently if we could hire contract personnel to meet these needs. The language proposed is consistent with authorities already provided to other branches of the Department and to AID.

The amounts requested for Refugee Programs fall in four categories of expenditure: refugee admissions to the United States, refugee assistance overseas, other assistance activities, and admininistrative expenses.

The refugee admissions program, with a request of $130.1 million, comprises almost 40 percent of our request. These funds cover activities necessary to admit a projected 68,000 refugees to the United States in 1986. The refugee admissions level is consistent with two major developments during the past year. First, the President launched an initiative last fall to expand the Orderly Departure Program (ODP) from Vietnam to increase the number of Amerasian children and political prisoners and their family members allowed to depart Vietnam. This request is sufficient to cover the projected increased number of Amerasians. At such time that the Socialist Republic of Vietnam agrees to a program for political prisoners, more numbers may be needed. Second, the admission of former Cuban political prisoners and their families to the United States as refugees is now beginning as a consequence of the agreement reached with the Government of Cuba in December. This request allows continuation of that program in FY 1986.

The activities carried out under the admissions program include voluntary agency processing activities overseas, processing and transportation by the Intergovernmental Committee for Migration, English language and cultural orientation training overseas, and initial reception and placement activities provided by the resettlement voluntary agencies. Of the $26.9 million increase over the 1985 level, $19.4 million is attributable to the expansion of the reception and placement program to cover financial responsibility for all basic necessities for the refugees' first ninety days after admission to the United States in order to discourage welfare dependency. This initiative is similar to that proposed in the Refugee Assistance Extension Act passed by the House last year.

Refugee assistance programs overseas total $180.2 million and account for about 53 percent of our request. This budget provides approximately the current level of support to meet estimated core programs costs of the international organizations and other agencies that carry out international relief and resettlement programs overseas.

While the Department's first priority remains the preservation of life through providing for refugees' basic needs, these funds also will support, when possible and appropriate, programs that offer more lasting resolutions to refugee situations through voluntary repatriation and settlement in the region of asylum.

The requested $26.5 million for assistance to Indochinese refugees in Southeast Asia primarily supports the efforts of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Border Relief Organization (UNBRO), the International Committee of the Red Cross (ICRC), and other agencies to address the needs of refugees in first asylum and of the 250,000 Cambodian refugees who remain in a precarious position on the Thai-Cambodian border. In addition, this program covers contributions of $800,000 towards the UNHCR-administered ODP program and $1 million for programs combatting pirate attacks on boat refugees in the Gulf of Thailand.

African refugee assistance of $51 million in FY 1986 will support core programs of the UNHCR and the ICRC for refugee relief and provide funding for refugee scholarships and other special relief needs.

The Near East and South Asia assistance programs request is $87 million. The request includes $67 million - the same as the FY 1985 estimate - for the support of Palestine refugees through the vital work of the United Nations Relief and Works Agency for Palestine Refugees. We also intend to continue funding the UNHCR, the ICRC, and voluntary agencies for the approximately 2.5 million Afghan refugees in Pakistan at $20 million.

In response to the continued high level of refugee needs in Latin America, we propose to fund programs assisting those refugees at $15.7 million, roughly the FY 1985 level. Most of this amount will support UNHCR programs, while the rest will be contributed to the ICRC and voluntary agencies.

Our request includes $19.5 million for other assistance activities - non-regional assistance needs. Of this amount, the program of assistance to refugees settling in Israel is requested at $12.5 million. We believe this amount will cover adequately the resettlement costs of refugees from the Soviet Union, Eastern Europe, and other areas of the world. Also included is a request for $7 million for international organization contributions including the U.S. contribution of $2 million to the administrative budget of the ICRC. The Intergovernmental Committee for Migration is funded at $3 million for its assessed administrative budget, and $2 million for the voluntary contribution to ongoing migration programs.

Finally, we request $7.9 million for administrative expenses, a decrease of $270,000 from 1985. Within this amount, we plan to fund three new positions to strengthen

Bureau administration of the English language and cultural orientation program, the reception and placement program, and the assistance program in Central America. The decrease is because of the proposed pay reductions and other administrative savings.

The amount requested for authorization for FY 1987 is $339,582,000. This amount was projected on the basis of admissions of 62,000 refugees and of assistance programs needs at the same level as in 1986, with appropriate allowances for inflation consistent with the Administration's economic projections.

In closing, Mr. Chairman, I would note with appreciation the ongoing concern for and dedication to the problems of refugees by the members of this committee. I look forward to our working together to continue to insure a sound U.S. refugee policy.

The CHAIRMAN. Thank you very much, Mr. Purcell.

The Chair would now like to recognize Hon. Robert E. Lamb, Assistant Secretary for Administration.

Mr. LAMB. Sir, I have nothing to add to Mr. Spiers' statement. I have no individual statement.

The CHAIRMAN. Mr. Feldman, do you have anything further to say, or are you also in support of Secretary Spiers and your colleagues?

Mr. FELDMAN. I have nothing to add. Thank you.

The CHAIRMAN. We will proceed with the first round of questioning, with 10 minutes for each Senator in the first round.

Gentlemen, as I have examined the 1986 request, it is $18 million or so less than the total 1985 appropriation. The total appropriation, however, included the regular appropriations and the supplemental that came about principally because of security concerns.

Now, as you take a look at the first item for salaries, the 1986 request is $1,470,000,000 as compared to the top line item of about $1,264,000,000 in the last appropriation. And then below that are additional figures for construction, administration and other activities. Essentially, are almost all of the supplementary appropriations repeated again? It was not a one-time situation but rather a continuing one in which the Congress, having been asked for additional security funds, is asked now to maintain this across the board?

Ambassador SPIERS. Yes, sir. Maybe I could say a few words about the security situation. I think it is an error to look at the 1985 supplemental as a one-time fix. The 1985 supplemental represented essentially two things: one, a moving forward of things, of higher priority programs, up from one year to the next so that everything follows behind it; and the second is we recognize that we faced a new and continuing threat. The annualization costs of the

1985 supplemental will be $92 million. I think of the total amount that our security-related expenditures in 1986 are roughly $400 million.

I think that the Inman panel, to which I referred in my statement, has demonstrated that we do have a continuing problem and it is one that is going to be expensive to fix. Our embassies overseas were not designed with the current threat in mind. Many of them were located in downtown areas. Little attention was paid at the time they were built to these threats. And we have a massive job to accomplish.

So I think that the 1985 supplemental, Mr. Chairman, I regret to say, is an installment on that.

The CHAIRMAN. Well, the dilemma that this committee has is that the Budget Committee took a general look at this picture, as I think you are acutely aware, and said: we understand what has happened, the security problem came up and Congress passed a supplemental, but now we have to get things back down to normal.

And the instructions they have given to us are awfully difficult to reconcile with the request that you are making because it would appear to me that they have ruled out roughly $200 million worth of salary, and come down to a low figure that they are suggesting should guide us.

Now, what are we to do about this? What suggestions do you have for this committee?

Ambassador SPIERS. Mr. Chairman, I am loath to make suggestions to you to deal with this problem. I recognize that it's a major problem. The cut in the 153 function, as I understand it, is well over $300 million. There is just no way that I can see that being taken out of the State Department budget.

Our operating budget is really quite small. It consists mainly of salaries and expenses. Even if you close posts and fire people, it takes 2 years to begin to realize savings from that. The only places that can be cut are the so-called big ticket items, and in our case that is security. I see no other way but to string out—I mean it wouldn't require a total cessation of it—the security plans that we have in process. And that puts us back to where we were before the supplemental was passed. And I think that that is a risk that we should not want to take.

The CHAIRMAN. What type of spacing out of new building projects could you do? What would be practical in that area?

Ambassador SPIERS. There are 18 building projects that are related to security, I think that there are also four other projects that are not primarily motivated by security, but are equally important for us for other reasons.

Stretching these things out not only prolongs the period of danger, but it tends to increase costs. But, when you are talking about cuts of this magnitude, I see no alternative to going into security-related projects.

The CHAIRMAN. Let me approach it from another way. Is the Senior Foreign Service simply too large to begin with?

Ambassador SPIERS. This is a controversial issue, Mr. Chairman. I have a personal view on that, that it has gotten too large. The Senior Foreign Service consists of about 750 people. It is probably about 18 percent of the overall Foreign Service officer corps. We have critics that say that it is too large.

My concern has been that we have not really well-justified the grading of the positions in the Senior Foreign Service, and that is a process that we are undertaking. We hope to have a 5-year force plan developed. Specifically, we hope by the end of this year to have a relook at the classification of all of these positions. The only way that the Senior Foreign Service will be reduced in size is by a slowing of promotion rates—that has started—and a decrease in the limited career extensions which were provided for in the 1980 Foreign Service Act.

Both of these are very painful processes. We really do not know to my satisfaction what the proper size of the Senior Foreign Service is.

The **Chairman**. Is it a comparable predicament, to the allegation there are too many generals and admirals in the armed forces; that by promotion people reach a point where they are looking for things to do?

Ambassador **Spiers**. Well, we have made a lot of progress in this. Regarding the Senior Foreign Service, a lot of the criticism of the size of the Service derives from the time when we had about 120 people over-complement. That meant people for whom we could not find appropriate jobs.

That figure now is down to under 40. And there will always an irreducible minimum: people that are between assignments; people that for health or other compassionate reasons cannot be sent overseas. So, I think that we are getting on top of this problem very quickly.

The **Chairman**. At what point were there 120 members of the Senior Foreign Service for whom it was difficult to find suitable employment?

Ambassador **Spiers**. I think that this was about 3 years ago.

The **Chairman**. Three years ago?

Ambassador **Spiers**. Yes.

The **Chairman**. And in that period, you think you have reduced that number to 40.

Ambassador **Spiers**. We have. We had a very traumatic time this year because I made the decision to reduce the promotions into the Senior Foreign Service more drastically than had ever been done before. This is very difficult for a lot of our people, particularly when you have, as we do in the Foreign Service, an "up or out" system, because if people are not promoted, then they have to retire within a certain time.

The **Chairman**. How many people were promoted this year into the Senior Foreign Service?

Ambassador **Spiers**. Thirty-nine were promoted into the Senior Foreign Service.

The **Chairman**. How many were forced to retire?

Ambassador **Spiers**. I think 31 or 32. Somewhere in the 30's.

The **Chairman**. And 39 would have been an abnormally low number then?

Ambassador **Spiers**. I think it is the lowest that I can recall. And I have been in the Foreign Service for over 30 years

The CHAIRMAN. So to restate it, by retirement from the Senior Foreign Service the numbers diminish, and if you don't promote many people into the Senior Foreign Service, then the input gets lower.

Ambassador SPIERS. That is right. You stagnate, and you also create a problem for the middle level officers who themselves have to retire. It is like the military. It is up or out. If you are not promoted, you have to leave.

The CHAIRMAN. But in any event, in terms of sizable savings in this budget, we are probably looking at the overall personnel area; isn't that right?

Ambassador SPIERS. I do not think you can make sizable savings in the personnel area. The State Department employment, the total number of people that we have, is someplace between 23,000 and 25,000; 9,000 to 10,000 of those are Foreign Service nationals overseas; about 4,000 or 5,000 of them are civil servants here in Washington; the remainder are Foreign Service people, including about 4,000 Foreign Service officers plus our communicators, specialists, doctors, and secretaries. You cannot save much in these areas.

If people are fired or let go, then you have escalated costs of separation and bringing people back to Washington and the like. It is costly. It is like closing posts. If you close a post, you do not recognize a saving for a year or two.

The CHAIRMAN. That is quite true. This, of course, is similar to the old debate over the closing of military bases. The argument is made that there may be too many, but then it is so expensive to close one that the argument then is made that you should perpetuate it.

Ambassador SPIERS. Well, you know, a few years back we tried to close six posts and the Congress objected to their closing. So we had to reopen them.

The CHAIRMAN. I understand.

Senator Cranston.

Senator CRANSTON. Thank you very much, Mr. Chairman. Mr. Spiers, in your statement you state that the request for authorization represents a decrease of $18 million plus, below the 1985 funding level after adjusting for proposed supplemental appropriations. However, in response to the bombing of Beirut last year, the Congress enacted emergency security authorization supplementals totaling $368 million additionally. And as I understand it, if one were to compare the regular fiscal 1985 authorization, minus the security supplementals with your fiscal 1986 request, you are asking for $352 million or a 13.8-percent increase. Is that correct?

Ambassador SPIERS. That is essentially correct. And as I have said earlier, I think you cannot look at the security supplemental as a one-shot fix of the security problem. It was a moving up from subsequent years of things that we thought were particularly urgent to accomplish sooner.

Senator CRANSTON. How much of the fiscal 1986 request is an annualization of the emergency security supplemental?

Ambassador SPIERS. $92 million.

Senator CRANSTON. How much of your 1986 request is a direct result of program increases?

Ambassador **Spiers**. $168 million roughly.

Senator **Cranston**. What are the principal increases?

Ambassador **Spiers**. Let me go through them for you.

Senator **Cranston**. Just a very brief summary of them.

Ambassador **Spiers**. They are mostly in salaries and expenses and buildings. Eleven million dollars is for the increase in the reporting and analysis that is part of this 3-year program that I talked about in my statement; $31 million is for 141 new security positions of various kinds; $11.7 million is for information systems; $17.5 million is for communications systems; $95 million is for the foreign buildings office capital and functional programs.

Most of those are related either to security or to the need to rebuild the foreign affairs assessment capabilities of the State Department which have eroded badly in the last decade.

Senator **Cranston**. Is it true that the administration proposal would mean that the Department would have increased personnel by about 2,000 people over the last 3 years?

Ambassador **Spiers**. We will, if we get the 391 positions that we are asking for in this authorization, we would have had an increase in the last 3 years of about 1,900 positions which will get us back up roughly where we were 10 years ago.

Of those positions, 625 were security positions; 300 were consular positions to meet the increasing domestic and overseas consular workload; 350, including the ones that we are asking for this year, would be for reporting and analysis; 400 would be for other administrative support; and 50 of them are for professional development. Unlike the military services, the Department of State has not been able to provide the needed training for its people because we haven't had the positions to do it.

That is another thing that we have been trying to improve.

Senator **Cranston**. If those increases are necessary—and I would certainly agree that in the security area the benefit of the doubt should go to the Department for the increases—what effort has been made to find offsetting decreases elsewhere?

Ambassador **Spiers**. We have made some major offsetting decreases, I think, totaling of something like 200 positions. And we are absorbing a 6 percent passport work-load increase which we just cannot meet with our current level of people. We are going to have to eat into other capabilities to do that.

My concern has been that the State Department has been doing that for about 10 years. We have progressively, in order to meet the administrative support and consular requirements that we face, kept abolishing or eroding our central diplomatic functions which are in the reporting and analysis field, and I am anxious to avoid that continuation.

That is why the Secretary of State, probably more than anything else, has attached priority to a rebuilding program in this area.

Senator **Cranston**. In regard to international organizations, why is the total authorization request more than $7 million above last year's appropriation, given the withdrawal from UNESCO and the almost $12 million drop in FAO assessment?

Mr. **Newell**. The $7 million increase reflects here an actual $21 million increase resulting from increased contributions to the U.N.

organizations, the International Coffee organization, the International Atomic Energy Agency, et cetera.

That increase of $21 million is offset by decreases of $13.8 million, including the FAO return of $11.9 million cash surpluses. An ILO exchange rate gain of $8 million; and then other smaller organizational gains. So the $7 million increase is due basically to inflation and amounts to a rate of growth of only 1.5 percent for the account as a whole.

Senator **Cranston**. Thank you very much. I have no further questions.

Thank you, Mr. Chairman.

The **Chairman**. Senator Dodd.

Senator **Dodd**. Mr. Chairman, let me just pick up on that last comment concerning the inflation statistic. I noticed in your testimony, Mr. Secretary, you have a request, and under resource management—which begins on page 12 of your testimony—the first item you have is an overseas inflation allowance of 5.4 percent.

While in the last few days we have seen the value of the dollar diminish somewhat, over the last 2 or 3 years we have seen a dollar strengthening all the time as it relates to foreign currencies. We all know of the attraction that has created regarding tourism in these countries and trade deficits and related matters.

Given the fact that we are getting a lot more dollars for less overseas, how do you justify a 5.4-percent increase in that particular category, when in fact the cost of services, I gather in most places around the world, would actually have become cheaper over the last few years?

Ambassador **Spiers**. A lot of the things that we procure overseas are in the high cost area.

Senator **Dodd**. But it is at reduced cost, given the value of the dollar.

Ambassador **Spiers**. Yes. And this is an offsetting factor. We have a 5.4-percent allowance for overseas inflation, 1 percent more than the domestic inflation. That is a figure that OMB gives us. I personally think it is unrealistic. I think our historical experience has been that inflation is always higher; that the exchange rate gains do not always compensate for an understated inflation rate.

As I started to say, a lot of the things that we buy overseas are in the high cost area. When you are competing for skilled Foreign Service nationals, for example, their wages tend to go up higher than you would anticipate if you were just looking at the exchange rate savings.

Senator **Dodd**. On what scale are they paid on? Are they paid on U.S. scales or local scales?

Ambassador **Spiers**. They are paid on local scales, but we are competing with other local consumers in a fairly specialized labor force, particularly in the higher ranks. When you are talking about chauffeurs and guards and household staff, that is not the case; but when you are talking about political and economic specialists and budget and fiscal specialists of the kind that we have, you tend to have to pay more for them.

I think Mr. Feldman may be able to shed a little bit more light on that. He is our comptroller.

Senator DODD. Let me try to get to the heart of it because I do understand what you are saying. I presume this is not a recent phenomenon; that over the years the kind of things we are looking for, personnel and so forth, have been costly. I am just intrigued about this relationship between the value of the dollar and foreign currencies in recent years which has been record-setting in the sense that you have seen things like the franc and the pound hitting all time lows, in recent modern times.

I am just curious as to why we would have that size of an inflation factor built in, when in fact the offsetting advantages that occur as a result of that currency relationship are not reflected in this.

Ambassador SPIERS. There is usually a lag between overseas inflation and strong trimming of the dollar. The change in the dollar, I might say gratuitously perhaps, has been devastating for us in terms of our passport workload. But let me ask our comptroller to comment on this problem.

Mr. FELDMAN. Senator Dodd, I believe you are right. The linkage between inflation and the relationships of currencies in foreign exchange is a correct linkage to make. I agree with you. That is why this budget has been predicated on over 20 million dollars' worth of projected exchange rate gains in anticipation of the continued strength of the dollar.

The relationship that has been drawn between domestic U.S. inflation and the dollar/exchange rate scenario that you are painting is that the President's budget assumes a 4.4-percent inflation.

Technically speaking, that would mean the U.S. dollar is being eroded by 4.4 percent for U.S. inflation. If all other things were equal, the U.S. dollar and its relationship, say, to the deutsche mark would be a 4.4-percent change. One percent is added because of a timelag between the effect of inflation eroding the value of a currency and its representation in the foreign exchange markets.

Normally, we experience about 11 percent overseas inflation annually because costs rise more rapidly for our unique consumption in a foreign market. In particular, we must pay for very specialized labor, rapidly appreciating real estate and so forth.

Senator DODD. Well, tell me this, since you seem to know so much about it. What has been the percentage drop of the deutsche mark, the franc, and the pound, as it relates to currencies, with the dollar versus the foreign currencies? If you use 4.4 percent inflation factor, what has been the percentage decrease in the value of foreign currencies as they relate to the dollar?

Mr. FELDMAN. Senator Dodd, I would have to provide that. It depends on what point in time you request. However, in fiscal year 1985, we are absorbing the Federal Pay Act costs. There are considerable gains of exchange rates in the contributions to international organizations account and there is a request for transfer of $13.8 million of surplus from that appropriation to our salaries and expenses account.

We have made substantial deposits to our buying power maintenance appropriation, which was authorized by this committee, wherein gains that are accrued to the State Department in the OECD countries are deposited into that appropriation. This is done so that the Secretary can draw upon those funds when the dollar declines in subsequent years.

We now have balances in that fund of $22 million, and as I said earlier, we are anticipating a $20 million gain in our 1986 budget. These were based on the exchange rates as of last November 30, when the budget was finally put together.

So, the major impacts on us are in the OECD countries, where the currencies are floating, and there is a real relationship, if you will, in the international arena between the dollar and those OECD currencies.

In many other countries one experiences inflation rates of several hundred percent. For example, this is true in Israel and in Argentina as well. The dollar is constantly gaining against those currencies, but at the same time their inflation is constantly debasing their currencies. Therefore we come down to a point of almost zero inflationary aspect on our operations in those countries.

[The information referred to follows:]

THE U.S. DOLLAR IN RELATION TO OVERSEAS INFLATION AND OTHER CURRENCIES

In conforming to the Administration's guidelines, the Department has budgeted for a domestic inflation rate of 4.4 percent and an expected overseas inflation rate of 5.4 percent. The domestic assumption is consistent with the forecasts of private econometric forecasting services. The overseas estimate is a conservative request which assumes that net overseas operating costs will accelerate at rates close to domestic inflation. Actual overseas operating costs increased at a net annual rate of 11 percent in 1984. Under the Administration's inflation guidelines, currency gains resulting from the strength of the dollar will largely offset overseas inflation in specific countries.

However, even after accounting for the strength of the dollar, operating costs overseas will still accelerate at rates greater than domestic costs for the following reasons:

OPERATING REQUIREMENTS

The unique operational demands placed upon the Department require the acquisition and maintenance of a highly sophisticated and relatively costly support system for overseas staff. The goods and services product mix purchased by the Department is weighed heavily towards items prone to large cost increases such as a support costs for the Department's sophisticated communication, security, and the information systems. Also, in many parts of the world, the supply of housing and office space suitable for Department needs is small. This supply problem generates additional cost increase pressures. Finally, there is stiff competition for the types of skilled labor normally performed by Foreign Service Nationals (FSNs), particularly in the lesser developed regions of the world.

LEGISLATIVE STATUTES

The Foreign Service Act of 1980 authorizes the Department to maintain comparability with the prevailing wages paid to local employees. In administering the FSN provisions of this Act, the Department conducts wage surveys to measure the difference between the compensation of FSNs and those doing comparable work in the country. The impact of these wages survey is estimated as part of the recommended FSN wage increase in this request.

EXCHANGE RATE FLUCTUATIONS

Exchange rate fluctuations reflect, to some degree, inflation differentials. Consequently, an appreciating dollar ameliorates the impact of unbudgeted overseas price increases.

These fluctuations, however, do not automatically adjust to account for changing inflation patterns. Most of the world's currencies are pegged to another currency or group of currencies, i.e., to the dollar, the franc, or the World Bank's special drawing rights index. Most of the major European currencies are governed by a cooperative agreement (European Monetary System). In addition, because of local regulations, the Department is frequently forced to purchase local currencies at rates significantly less favorable than those which can be obtained in open markets (i.e., the Soviet Union).

OVERALL INFLATION LEVELS

Overseas operating costs accelerate at faster rates than domestic costs. Overseas inflation is significantly higher than domestic inflation in most countries of the world, as is shown in the following table:

Projected 1985 inflation rate

Country:	*Percent*
United States	5
United Kingdom	6
France	8
Italy	11
Nigeria	29
Indonesia	10
Mexico	46
Argentina	341
Brazil	148

EXAMPLES OF U.S. DOLLAR STRENGTH IN OFFSETTING INFLATIONARY INCREASES ABROAD

The Department will absorb the entire FY 1985 Federal pay raise ($13 million) with exchange gains.

The Department's FY 1986 budget offsets anticipated price increases with expected currency gains in 10 countries: Argentina, Bolivia, Brazil, Ecuador, Mexico, Peru, Greece, Turkey, Yugoslavia, and Israel. In these hyperinflation countries, high inflation has been accompanied by a fairly regular pattern of exchange gains and devaluations.

In non-hyperinflation countries, the Department budgets for an overseas inflation rate of 5.4 percent, as compared to 10.0 percent forecast by current post estimates. Consequently, the Department's request excludes almost $20 million required under current post estimating procedures for overseas inflation anticipated to be financed from exchange gains.

The Department's request includes a 1985 Supplemental transferring $13.8 million of exchange gains from the Contributions to International Organizations appropriation to the Salaries and Expenses appropriation, primarily for security requirements.

Authorization of the Buying Power Maintenance appropriation in FY 1982 provides the Department with some flexibility to moderate the impact of fluctuating exchange rates. Since inception of this appropriation, the dollar has performed well against most major currencies. The strength of the dollar has allowed the Department to "bank" FY 1983-85 exchange gains in 16 OECD countries. The balance in this appropriation now totals $22 million. The funds in the Buying Power Maintenance appropriation can only be used to offset unbudgeted inflation and adverse exchange fluctuations.

Senator DODD. I appreciate that, and you are absolutely correct that in places like Argentina and Israel it is absolutely phenomenal. I appreciate the response very much.

Mr. Chairman, I understand we are going to the markup on Tuesday.

The CHAIRMAN. Yes.

Senator DODD. We do not have a lot of time between now and then, but I would be curious to get a bit of an analysis, and I appreciate the response to the question—it has been very informative—but to take another look at this. I would be very curious about the relationship in this particular category, and I thank you for that.

Let me ask something else. We always have a tendency to get very parochial. What is the representation function? How much do we have in the budget for that?

Ambassador **Spiers**. It is $4.5 million. I think we are requesting an increase of $200,000 this year.

Senator **Dodd**. What is that used for?

Ambassador **Spiers**. It is for the processes of entertainment overseas. It is almost totally overseas. An Ambassador will get an allowance for an Embassy which we will divide among its officers who have representational responsibilities, have to take people out to lunch, give dinner parties, and have national day functions—things like that. That is what it is essentially for.

Senator **Dodd**. Is it used for congressional delegations?

Ambassador **Spiers**. We authorize its use in the case of congressional delegations which are very useful. Having been an Ambassador myself in several countries, and having hosted a number of congressional delegations, I can tell you that it provides an extremely useful opportunity to get host country people together with Americans, so yes, we use it for that purpose.

Senator **Dodd**. I appreciate your saying that. Let me tell you that I was in China this past fall. I had never been there before, and the banquets, as they are referred to, were held. You are given a lot of banquets.

I was told before I left that one of the things I had to do was to give a return banquet, and if you do not give a return banquet, this is violative of certain rules of protocol. I was also very quickly told that I was to pay for that out of my per diem and not out of the representation account.

Now, I love a banquet as much as anybody else, but this is not what I would have planned on doing with my per diem in China. I would just be curious to get some sort of general guidance.

Ambassador **Spiers**. I do not know the specific situation in China.

Senator **Dodd**. I did not either. I paid for it out of my per diem, and did not use the representation accounts, but I am very curious about the $4 million. We are almost required, and as I understand it, it would have been insulting for me to do otherwise, particularly in a country where you have that kind of protocol.

Ambassador **Spiers**. And it would have been a legitimate use, in my judgment, for the Ambassador to authorize expenditures from the representation fund for that purpose if there were any left. [Laughter.]

Senator **Dodd**. Next time I will go in January or February. [Laughter.]

Ambassador **Spiers**. Our people are often substantially out of pocket on the representation function.

Senator **Dodd**. Let me ask you this, and then I will defer. In the last campaign we had a whole group of sitting Ambassadors endorse candidates for public office. What was the reaction within the Department among the professional staff, the career people?

Ambassador **Spiers**. Among the professional staff, I would have to say frankly it was negative. The American Foreign Service Association I think issued a statement about it.

Senator **Dodd**. Do you agree with that?

Ambassador **Spiers**. Let me try to give you a candid answer on this. As a professional diplomat, it is not something I ever would have done. But I also think that there probably is a difference between the status of a professional and a noncareer person.

Senator DODD. The career people are always telling us that up here.

Ambassador SPIERS. What was that? I am sorry.

Senator DODD. The career people have made that point over the years.

Ambassador SPIERS. Well, in this particular situation, I do not think that I feel it is important to apply the same standards of nonpartisanship and nonpolitical content to political appointees and to non-political appointees.

A number of the Ambassadors who signed the statement that you referred to are friends of mine. I can understand their doing it. I would not have done it. I am a career person occupying a political position, and I think that I would not do that.

Senator DODD. I appreciate your response. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Pell.

Senator PELL. Thank you very much, Mr. Chairman.

Let me follow up on that thought for a moment. I see the point that Under Secretary Spiers is making about the difference in outlook between a professional career diplomat and a noncareer one. I also think that there is a difference between a noncareer person endorsing someone in a local election and that person helping the President who appoints him in a national campaign. I think that there is a difference between the two.

I say this on a personal level, because I have a letter from President Roosevelt to my father, who was a political appointee, urging him to come back and campaign for a few weeks, because he thought he would be helpful in the election of 1940.

Senator DODD. Well, that was OK back then, especially in the case of your father. [Laughter.]

My father never got that help. [Laughter.]

Senator PELL. So I see the point that you are making. There are certain shades of reprehensibility in this regard.

Now, Secretary Spiers, when one compares the budget that you have with last year's level, as I read it here, you are going to have $18 million less to spend in 1986 than in 1985, and you will have to absorb a $14 million pay raise and consular workload increases.

How can this 1986 authorization request provide you with adequate resources to do the job? You will have to have people work 10-hour days over there.

Ambassador SPIERS. I think that we are in a very difficult situation. We already received a massive cut by the executive branch in our budget preparation process, and we really went down to the bone. I think the overall figure for our 1986 authorization request is a reduction of $18 million compared to 1985.

The part that I am most concerned about is the operational budget of the Department of State. For administration of foreign affairs there is a reduction of $43 million.

That put us at a level where we had to forgo all but essentially the two most important priorities at the State Department, which I have mentioned—rebuilding the reporting and analysis capability and the continuation of a high level security program.

Cuts beyond that figure, I think, can only be taken by eating into both of those areas. There is nothing else to eat into. It is a deeply disturbing proposition for me. The State Department is one institution that is coming before you with a reduction.

As I said in my statement, for the first time in 14 years we are asking for a level of expenditure in 1986 that is lower than the level of expenditure for 1985. Already there are things that cause me deep distress in that. For example, I do not think that the passport workload is going to be held to 6 percent.

It is already running about 22 percent ahead of last year. That is a legislatively mandated function. It is a matter that occasions a great deal of concern on the Hill when we fall back on passport issuance, when we have too much of a backlog. This has happened to us year after year after year, and we have gone into our essential diplomatic function to pay for it.

Senator PELL. My question to you, and there are several that I do want to get through, is, do you think you will be able to do your work and complete your security enhancement work with these funds?

Ambassador SPIERS. With the budget that we have submitted we think we can do it. We are not happy about having to absorb the 1985 pay raise, taking a 5 percent pay cut in 1986, and the like, but we can do the essential security job that we feel has to be done under the budget that we have submitted.

Senator PELL. Then you think the present budget is sufficient to carry out your work?

Ambassador SPIERS. We can handle the highest priority work. There are lots of things that we will be unable to do under this budget, though.

Senator PELL. Yes; that is my point. There are a lot of things that you are going to have to stop doing.

Ambassador SPIERS. What we will not be able to do is have some of the improvements in automatic data processing and communications that we feel are very important. We will be able to do the essential security job, although we are going to have to take an entirely new look at the security thing when the Inman panel report comes in in May.

Senator PELL. And are you then cranking into it a 5-percent pay cut?

Ambassador SPIERS. Yes, that is cranked into this budget, and if that 5 percent pay cut is not approved by the Congress, then we will have to request a supplemental that is $14 million.

Senator PELL. Is this true of other departments? Are they cranking into their budget requests a 5-percent pay cut?

Ambassador SPIERS. My understanding is, it is government-wide.

Senator PELL. I was not aware of that.

[The chairman nods affirmatively.]

Senator PELL. I had a chance to read with interest the article you wrote in the Foreign Service Journal and the points that you made were very valid indeed. My understanding is that morale in the Service is not all that it might be. This has been true for many years.

One thing that is so often forgotten is the element of danger that enters into your work. More Foreign Service officers with the rank of Ambassador have been killed in the last 2 years killed by enemy action, than all of the generals and admirals in those last 2 wars.

I think the fact that you are in a military-type service and not in civilian service is a point that should be emphasized more than it is, because you have the worst of both worlds. I think if the country thinks of you as being on the firing line, as you are, that you would not be put into the position of having these meager budget requests.

I cannot imagine the Defense Department, for example, having the same problems that you have.

I would like to go for a moment to Mr. Purcell and ask him what percentage of your work is being done through the private voluntary organizations?

Mr. **Purcell**. Sir, in our program for the domestic resettlement of refugees to the United States, that program is being done exclusively by private voluntary organizations in this country. We have agreements with 14 agencies, and they facilitate totally the resettlement of all the refugees.

In our overseas relief programs, we are emphasizing a multilateral approach to refugee issues so as to facilitate greater burden-sharing with other donors. However, we do in Africa and in Asia attempt to encourage private voluntary organizations to act as implementing partners of the U.N. High Commissioner.

Senator **Pell**. Right. To abbreviate your answer, what percentage of your work is done through PVO's? How many dollars are spent through PVO's?

Mr. **Purcell**. Well, on our domestic program, it is totally 100 percent. In our overseas programs, it would range 10 to 15 percent.

Senator **Pell**. Through PVO's?

Mr. **Purcell**. Through PVO's, yes.

Senator **Pell**. Do you see that overseas percentage expanding?

Mr. **Purcell**. Yes, sir, I certainly do. We are with AID looking, for instance, at programs in the Horn of Africa. We are looking at perhaps an additional million refugees in the Sudan by spring. We have enormous medical needs, and we are turning to the private voluntary agencies to assist to meet those.

I have met with my deputies, and I have met with the voluntary agencies here in this country, and we are certainly encouraging them to get involved in Africa and other parts of the world.

Senator **Pell**. I am very glad, because besides being a former FSO, I was a former voluntary agency person, and I was very much struck in doing that work on how much more cheaply and often how much more efficiently in all respects the work could be done by a PVO, and it has another great advantage. It increases the constituency for that work, because there is no constituency for a State Department official.

Everybody is always mad at the State Department, but if you have somebody who represents the Jews, the Catholics, and the Protestants, they always have a constituency, and so I would encourage you to keep that up.

I would like to return for a moment to Mr. Newell. In connection with General Walters, will he have Cabinet rank authority? Will he be invited to sit in as a Cabinet position?

Mr. **Newell**. It is my understanding that General Walters will be given Cabinet rank, and that at the invitation of the President he will participate as needed in the councils of Government.

Senator **Pell**. Refresh my memory, please. My recollection was that out of the San Francisco conference, I thought it was put into legislation at that time that our representative to the Security Council would have Cabinet rank. Am I wrong in that?

Mr. **Newell**. Cabinet rank did not begin until 1954, and it was accorded in 1954. It has traditionally been held since 1954.

Senator **Pell**. Is it a matter of choice and not of law?

Mr. **Newell**. It is a matter of choice by the President.

Senator **Pell**. All right. Now, to come to the question of UNESCO, we are not participating, as I understand it, as I realize there, but what are we doing with regard to the different programs that we conducted under the UNESCO umbrella? Will we continue with them?

Mr. **Newell**. Let me answer this with two specifics. Number One, we do still continue to participate in Paris as observers. We have established an observer mission in Paris to look after the interests of the United States.

Senator **Pell**. Who was your observer?

Mr. **Newell**. Richard Aherne. He is a professional Foreign Service officer. He has a rather large staff there. It is scaled back from Ambassador Gerard's tenure in Paris. Nonetheless, the U.S. presence is still the largest delegation associated with UNESCO.

Second, the Secretary of State has an appointed panel of 10 individuals to serve on a Reform Observation Panel, with the responsibility to assess and report on reform efforts and also to encourage reform.

In Paris we are also participating in the Western Information Group of 24 nations. We are continuing to participate as observers in the Geneva Group of 12 nations in Paris.

In Washington, we maintain the same functions in the UNESCO office that we have heretofore.

Senator **Pell**. Let me be specific. Will we continue with the Intergovernmental Oceanographic Commission or the International Copyrighting Committee?

Mr. **Newell**. With both of those we will. We will do so intellectually as well as financially. We have asked for funds in the IO&P account to fund nine institutional arrangements including those two you mentioned.

Senator **Pell**. Thank you very much.

Finally, I would ask Under Secretary Spiers this question. Do you have any priority areas that you feel need improvement in the Department? Is there any particular point that you think we should focus on?

Ambassador **Spiers**. Do you mean from the standpoint of internal management, or from the standpoint of the Congress?

Senator **Pell**. From the standpoint of internal management.

Ambassador **Spiers**. Yes, sir. I think that of the four areas of major concern to me, the most important is the resource problem, because I think the State Department has been historically underfunded, and more than any of our sister national security agencies we have been held on a very tight rein.

An interesting thing to me has been the number of political or noncareer Ambassadors who have commented in outrage at the resource problem in the State Department.

The second one is generally our personnel situation. I think we really have to take a close look at how we implement the 1980 act, particularly from the standpoint of the pyramidal structure of the Foreign Service.

I have been very concerned that we do not have junior officer positions, particularly in the political and economic areas. They are always the easiest to abolish, and what we are going to do is have a generation of Foreign Service officers who are going to have plenty of experience in consular and administrative affairs but not in the political and economic areas. That, I think, is a dangerous thing for the United States.

So, that is why I attach a great deal of importance to this reporting and analysis rebuilding program.

Mr. Lamb and I have also worked very hard to try to rationalize the decisionmaking in the State Department security area which I think had a lot of problems with it. Now, there may still be problems, but we are working overtime to try to resolve them.

A fourth objective for me is to try to get back closer to the historical percentage between career and noncareer appointees and chiefs of mission.

Senator **Pell**. I agree with you on the importance of that. As you know, Senator Mathias has introduced legislation in that regard in the past which we did not have great success with. In this regard, what is your view concerning the idea of having an American Academy of Diplomacy somewhat along the lines of the ABA?

Would you give us your recommendations there? I think that would be helpful to the morale and thoughts of the junior and middle level FSO's.

Ambassador **Spiers**. You are asking me a difficult question, because the Secretary of State has made clear his distaste for that kind of procedure. My own view is that this is a matter of the Senate's own internal organization.

I really think it would probably be inappropriate for a State Department representative, and I am here as a representative of the Department, to comment on it.

I gather from reading the papers that if six Senators choose to perform their advice and consent function with the assistance of a group of this kind, that it is probably best if the State Department does not try to comment on it one way or the other.

I do not know whether my bosses would agree with that or not, but that is my view.

Senator **Pell**. I appreciate your comment. Thank you very much. Thank you, Mr. Chairman.

The **Chairman**. Thank you very much, Senator Pell.

Let me just mention apropos of Senator Pell's question to you that this committee will continue to receive the nominations from the administration, and will conduct hearings, and will decide upon the qualifications, and so ultimately will all Senators on the floor.

I have great regard for my colleague from Rhode Island and others who may want to continue in some other fashion. I think it is their privilege to have preliminary discussions if they wish, but this body is where we ought to have the confirmations.

Senator **Pell**. I just want to be sure that the record is clear. There would be no preliminary hearings. This organization's purpose would merely be to offer recommendations. We do not have to follow them. It is just an advisory function. There is no thought of having any formal hearings apart from ours.

The CHAIRMAN. Well, I suspect it is a problem with which you will have to deal at some point as Under Secretary, because I gather the nominees will come to you and ask, how many people do we have to report to? How many preliminary screenings?

If, for example, an additional six Senators on the committee were to set up another screening panel along with their auxiliaries, you would have to do two or three. My guess is that you will want to come to the point where you say your only obligation as a nominee is to come to the Foreign Relations Committee.

Ambassador SPIERS. That is absolutely clear.

The CHAIRMAN. Let me just ask about the technical provisions that you have asked for. I have read through these, and I understand in the precis that you have given to each one of them what you are about.

Let me just ask you to do this, however. We have a markup Tuesday and Wednesday. Just having experienced the mark-up of the last 2 days, we really got into an inordinate amount of difficulty with all of the requests by the Department for new authority.

Now, we can grant that we had not had a foreign assistance bill for a long time, so there were a lot of accumulated things that have to be dealt with.

But it is obvious that members of the committee took their function quite seriously. We went down through a number of the functions and saw how sweeping the language was. I think we dealt ad seriatim with each and every one of them, but my recollection is that we went through 20 or 30 very long and detailed arguments.

Now, in preparation for our markup, perhaps you have already made available to staff a sizeable rationale. We start for example with section 103, which is a requested technical change to improve and facilitate the appropriation process.

The logical question is why, or what, or is it really technical, and so forth. To the extent you can anticipate those questions that a Senator would raise and furnish a couple of pages in advance, it will facilitate greatly the possibilities of getting that authority.

Otherwise, I would anticipate a great deal of the markup will be spent, hour after hour, pondering over these things. And I mention this because the Department may have thought that by asking for them Senators, out of their weariness, will just pass them through, but that is not the nature of this committee.

So, please make that information available to both majority and minority staff, so that they may brief members and will themselves understand, so that the questions they whisper into the ears of Senators will be well-informed and will have some background.

Ambassador SPIERS. We have done that, Senator, and if there are any other questions, we are at your service. I think that there is no point in my trying to go through them all. They vary in importance. I think two of the ones to which we attach very great importance are the authorization for the Foreign Service Institute, and another is to make our directors of intelligence and politico-military affairs, who occupy two of the most important substantive positions in the State Department, subject to confirmation by the Senate.

The CHAIRMAN. Very good. That is enough said about the background and the rationale that we would need. In my first round of questioning I highlighted the problem that we find somewhat insoluble.

Senator Pell was questioning it from a different angle, when he asked whether you have enough money to do the things you want to do. I was asking you how in the world we are going to reconcile what you have already requested with what the Budget Committee has lined out.

I am not certain that we are any farther along on that request, and I am not certain what this committee will finally decide to do.

My guess is that we have a problem both in getting your request through this committee, and in carrying 51 votes on the floor in an atmosphere which for the moment is very testy with regard to the Budget Committee process.

Ambassador SPIERS. I can only make a parochial plea for the Department which, I suspect, is one of the few agencies that comes before you, probably the only agency in the national security sphere, with a request for a lower funding level in 1986 than 1985. A lot of the 1985 increase is occasioned by continuing security problems. If cuts beyond what are made are imposed, they are going to have to come out of security. The world is full of difficult choices, Senator. I hope we do not have to make it, but if we do, I do not see how we do it other than that.

The CHAIRMAN. I suspect that the explanation will have to be clear. As I envision the nature of the debate, it will focus on the increased security request and, specifically, on what continues from last year's supplemental into this year and into the future, and on the additional construction projects that are envisioned with regard to our embassies.

I think the country and Senators are well aware of the attacks upon Foreign Service personnel and the embassies in particular. We found this to be intolerable.

This is one reason why the supplemental was passed so readily. But I think there probably is at this point a wide lack of understanding, that your security request is additional, and that with regard to whatever you were doing before, you are doing slightly less, or doing it for less money.

But the question that Congress will have to answer is whether this additional security is to be perpetuated or in some cases enhanced.

Ambassador SPIERS. I think that is a very stark presentation of the problem, yes.

The CHAIRMAN. Let me defer now to Senator Zorinsky.

Senator ZORINSKY. Thank you, Mr. Chairman. I have a question concerning organizational structure. The number of bureaus in the Department is 19, and seems to be ever-increasing. The number of Ambassadors at Large has grown to six. There are four Under Secretaries.

My question is, do you think this is becoming unwieldy or is it still manageable?

Ambassador **Spiers**. Well, obviously, it is manageable. I have already found myself on record complaining about the number of independent units in the State Department, but I also have to say in fairness that some of these were created by the Congress in the United States for reasons that it thought were good.

I certainly do not think that four Under Secretaries, given the scope of responsibilities, are too many. You know, obviously the geographic bureaus are essentially correct. I think that the number of Ambassadors at Large is going to go down, because we already have a number of them departing, and I know of no plans to replace them. So we may find that we have a net reduction in numbers of Ambassadors at Large.

We have proposed the creation of one additional bureau, but it is just changing an organizational unit that already exists into a bureau, and that is for telecommunications policy.

Senator **Zorinsky**. I do commend you. You have been quoted as saying, "I have long felt that the Department of State is badly organized to formulate and carry out our stated policies over the long haul." I admire you for your candor and frankness.

Ambassador **Spiers**. I may not be around very long. [Laughter.]

Senator **Zorinsky**. Also, I am aware that this structure is mandated by the Congress in many instances, not, hopefully, with my help, because I have not voted for an Ambassador at Large position since I have been in the Senate.

But that being as it may, I certainly want to bring out the point that Congress is not infallible. And a good word from you means a lot in our planning the future direction of the Department. I hope you can help us avoid the creation of unneeded entities which impose further jurisdictions in your area of concern.

Now, I would like to ask about the Foreign Service Health Care Plan. Would you provide for the record the correspondence between the Department of State, the Office of Personnel Management, the American Foreign Service Protective Association, and the General Accounting Office regarding the coordination of health benefits provided Foreign Service employees under the Foreign Service Benefit Plan in section 904 of the Foreign Service Act of 1980?

Ambassador **Spiers**. Certainly. I am sure we can provide that.

[The material referred to follows:]

U.S. OFFICE OF PERSONNEL MANAGEMENT,
Washington, DC, December 27, 1984.

Hon. RONALD I. SPIERS,
Under Secretary of State for Management,
Washington, DC.

DEAR MR. SPIERS: Thank you for your letter of December 12, 1984 to Kevin Burns, concerning the coordination of benefits provided Department of State employees by the Foreign Service Benefit Plan (the Plan) and Section 904 of the Foreign Service Act (the Act) of 1980.

We find your proposal to allow the Department of State to pay covered health expenses of its employees incurred abroad under the Act an effective means of handling the coordination of benefits issue. The Plan's brochure for the 1986 contract year may be amended to state that the Plan will not pay expenses that are covered under the Act and its implementing regulations.

We look forward to working with Mr. E. Gregory Kryza, Executive Vice President of the Plan, over the coming months to accomplish the proposed changes. We would also appreciate receiving for our records, a copy of the September 10, 1984 letter from the U.S. General Accounting Office expressing its agreement with this proposal.

Please let me know if I can be of further assistance in this effort.

Sincerely,

GEORGE M. MACWHORTER,
Deputy Assistant Director
for Insurance Programs.

UNDER SECRETARY OF STATE FOR MANAGEMENT,
Washington, DC, December 12, 1984.

Mr. KEVIN BURNS,
Assistant Director for Insurance Programs,
U.S. Office of Personnel Management, Washington, DC.

DEAR MR. BURNS: When the Federal Employees Health Benefits Act was enacted in 1959, the Foreign Services Benefit Plan was designed to supplement the health benefits provided under the Foreign Service Act. This special relationship between the Department and the Plan continued until March, 1979, when OPM Director Alan Campbell approved a proposal to amend the contract between OPM and the American Foreign Service Protective Association (AFSPA) to eliminate a burdensome requirement that called for the Plan to reimburse to the US Treasury a substantial portion of the annual premium as a safeguard against a possible US Government double payment of benefits overseas. In lieu of the reimbursement provision, individual claimants were required to reimburse the Department of State directly for expenses covered by the Foreign Service Benefit Plan which are incurred outside the United States.

For several years the Department and AFSPA have sought a mechanism acceptable to the General Accounting Office and OPM that would provide Foreign Service personnel with all the benefits to which they are authorized by law without burdening the Plan with a reimbursement provision. We have now determined that such a solution exists. By letter dated December 10, 1984, the US General Accounting Office conveyed its agreement with the premise that "coordination of benefits" would provide an effective alternative to the reimbursement provision and stated the specific details should be worked out between OPM and State.

After a complete review of its history I recommend restoration of the special relationship to take effect in 1986. Beginning January 1, 1986, the Department will accept sole responsibility for providing the benefits authorized under Section 904 of the Foreign Service Act of 1980 and implementing regulations (principally hospitalization or similar treatment for illness, injury, or medical condition incurred abroad) and will pay expenses covered by the Act without reimbursement from the Foreign Service Benefit Plan. We have included funds for this change in our FY 1986 budget which is subject to Congressional approval.

The Department hereby endorses changes in the Foreign Service Benefit Plan's contract with OPM that will allow its brochure to state clearly, that (beginning in 1986) the Plan will not pay expenss that are covered under the Department's Medical Program under authority contained in Section 904 of the Foreign Service Act and implementing regulations.

I would be grateful for your early agreement with the foregoing so that the Department may proceed with amendments to pertinent regulations and the required notification to our Foreign Service posts throughout the world.

Sincerely,

RONALD I. SPIERS.

AMERICAN FOREIGN SERVICE PROTECTIVE ASSOCIATION,
September 27, 1984.

Hon. RONALD I. SPIERS,
Under Secretary for Management,
Department of State, Washington, DC.

DEAR RON: By Action Memorandum dated January 30, 1984, you approved ". . . restoring the Department's special relationship with the AFSPA plan to take effect in FY 86 providing that (a) the present claims problem is resolved to the Department's satisfaction; (b) a formula for reimbursement acceptable to OPM and GAO is devised; and (c) as carefully as possible a projection of future costs to the Department is developed."

I am pleased to report that the three conditions, laid down by you, have now been met as follows:

1. The last of the claims, that we had previously referred to MED, was paid by the Foreign Service Benefit Plan on August 9, 1984.

2. The General Accounting Office has agreed with the Office of Personnel Management that coordination of benefits could provide an effective alternative to the current reimbursement procedures. See GAO letter attached.

3. The Association has worked closely with M/MED and M/COMP in developing a projection of future costs to the Department. A request for an increase of $1,500,000 is included in the 1986 budget.

The restoration of the special relationship with the Foreign Service Benefit Plan would, when coupled with some minor changes (for clarification) in the language of Section 904 of the Foreign Service Act, enable the Association to offer a low option plan at substantially reduced premiums to Foreign Service personnel serving abroad.

We deeply appreciate your support of our efforts to promote the advancement of the welfare of Foreign Service Personnel and their families.

Sincerely,

RICHARD K. FOX, Jr.,
President.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, DC, September 10, 1984.

Mr. E. GREGORY KRYZA,
Executive Vice President, American Foreign Service Protective Association, Washington, DC.

DEAR. MR. KRYZA: This is in response to your April 27, 1984, letter seeking our approval of a change in the method used to prevent double payment by the government for health benefits provided Foreign Service employees stationed overseas. As we pointed out in our May 23, 1968, report, such employees can obtain health benefits from the Department of State under the Foreign Service Act or from the Foreign Service Benefit Plan under the Federal Employees Health Benefits Program.

In response to our recommendation that they work toward eliminating the possibility of a double payment on the part of the government, the Department of State and Office of Personnel Management currently require individual claimants to reimburse the Department of State for benefits paid by the Foreign Service Benefit Plan for services provided outside the United States.

According to your letter, Office of Personnel Management audit staff have suggested that the problem of possible double payment could, as an alternative, be handled through a "coordination of benefits" similar to those under Medicare and Medicaid. You stated that the coordination of benefits between the primary payor (Department of State) and secondary payor (Foreign Service Benefit Plan) would trigger an actuarial process which would decrease Foreign Service Benefit Plan premiums and the government's contribution. During a further discussion with a member of my staff you indicated that plan enrollees would pay a lower premium while overseas because they would not be receiving the same level of benefits as they would while in the United States.

GAO approval of the proposed change is not required. However, we appreciate the opportunity to review the proposal. We agree with the Office of Personnel Management that coordination of benefits could provide an effective alternative to the current reimbursement procedures. The details of that coordination of benefits should be worked out between the Department of State and Office of Personnel Management.

I regret the lengthy delay in responding to your request, and hope that this letter meets your needs. If we can be of further assistance please call me on 426-5246.

Sincerely,

SUZANNE J. MCCRORY,
JAMES R. LINZ,
Group Director.

Senator ZORINSKY. The American Foreign Service Protective Association may seek technical amendments to section 904 of the Foreign Service Act of 1980 to clarify certain ambiguities in the Foreign Service Benefit Plan. Could these ambiguities be clarified by regulation rather than legislative amendment?

Ambassador **Spiers**. I do not know what clarifications they are seeking, Senator. I would have to look at them to be able to tell.

Senator **Zorinsky**. Thank you very much.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much, Senator Zorinsky.

Senator Boschwitz, before he left, asked me to compliment each of the witnesses who had any responsibility for the Falashan Jews coming out of the Sudan to Israel. It was a remarkable operation. I think Mr. Purcell surely had something to do with that, and others of you may have been involved. I share that same sentiment.

Gentlemen, we appreciate very much your coming here today. It is a difficult predicament for all of us, but you have been most forthcoming and honest in your appraisal of the situation. Please work with us in terms of the details that we have all requested.

I have passed along to staff the specific request of Senator Dodd on the inflation issue. He is deeply concerned about that, and it is an interesting issue with regard to the increase of the dollar. Please give us the information in the next few days, because we do have a tight schedule.

We have markups scheduled for Tuesday and Wednesday, and I pray the committee will be successful in completing them, so that this legislation will be in line for early consideration on the floor. Those windows of opportunity decrease after a while. We are attempting to move our business at a pace that we think will be helpful to you also.

We thank you very much for coming.

The hearing is adjourned.

[Additional questions and answers follow:]

STATE DEPARTMENT'S RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD

The State Department Authorization Act of FY 1984 and FY 1985 authorized $2,546,668,000 for fiscal 1985. In response to the bombing in Beirut, the Congress authorized emergency security supplementals totalling $361 million. If one were to compare the regular 1985 authorization minus the security supplementals with your 1986 request, you are asking for a $352 million or 13.8 percent increase.

Question 1. How much of the 1986 request is requested to continue activities in the emergency security supplementals?

Answer. The 1986 costs of continuing 1985 emergency security supplemental programs is $92 million. In addition, a net increase of $156 million is requested in 1986 for security requirements in the Department's Salaries and Expenses and FBO appropriations.

Question 2. How much of the FY 1986 request is a direct result of worldwide inflation factors?

Answer. The effects of world-wide inflation primarily affects the Salaries and Expenses appropriation. For this account, the Department in FY 1986, is requesting a built-in increase of $69.2 million, of this amount $24.0 million is for overseas inflation. Department estimates assume the U.S. domestic inflation assumptions of 4.4 percent will dominate and the dollar will continue to gain against local currencies to absorb the difference between any overseas inflation greater than 5.4 percent (4.4 percent for U.S. inflation plus 1 percent for lags in currency adjustments).

Question 3. How much of your FY 1986 request is the Direct result of program increases?

Answer. Included in the FY 1986 request is $167.9 million for program increases, primarily for the Salaries and Expenses and the Acquisition and Maintenance of Buildings Abroad appropriations (FBO) as follows:

SALARIES AND EXPENSES: ($51.5 MILLION)

Management initiatives, −$19.9 million.—In support of the President's deficit reduction program, management related initiatives (such as the 5 percent pay reduction) are estimated to save $19.9 million and 68 positions. In addition, the Department has absorbed current workload related requirements of 143 positions and $6.5 million.

Reporting and analysis, $11.4 million.—Provides 176 positions for continuing this critical program to strengthen political and economic reporting and analysis efforts. Current staffing in critical countries is not sufficient to meet basic substantive responsibilities.

Security, $30.8 million.—This increase provides for 141 positions as part of the Department's continuing effort to protect personnel and property abroad in our increasingly dangerous international environment.

Information systems, $11.7 million.—Additional resources for the Foreign Affairs Information System and improved Information Systems Security.

Communication, $17.5 million.—An additional 20 communications positions and equipment required for training, updating and strengthening of various communications systems.

FBO: ($94.7 MILLION)

Program changes in this appropriation are mainly in the capital and functional building programs in support of long-term security needs.

Africa, $7.7 million.—Site acquisition and development for chanceries in Abidjan, Ivory Coast (1.6 million), Cotonou, Benin (2.7 million) and Khartoum, Sudan (2.4. million); and for purchase of staff housing in Khartoum (1.0 million).

Inter-american republic, $6.1 million.—Site acqusition and development for chanceries in Santiago, Chile (6.1 million).

East Asia and the Pacific, $8.2 million.—Development of plans for chanceries in Beijing, China (2.0 million); Port Moresby, Papua New Guinea (0.6 million); development of plans for consulate office buildings in Guangzhou, (1.1 million) and Shanghai, China (1.2 million); and for purchase of staff housing in Jakarta, Indonesia (3.0 million); and Bangkok, Thailand (0.3 million).

Europe, $4.1 million.—Site acquisition and development for consulates in Izmir (0.9 million), Istanbul (Compound) (1.2 million) and a Chancery compound in Ankara, Turkey (2.0 million).

Near East and South Asia, $20.3 million.—Site acquisition, development and construction of a chancery compound in Baghdad, Iraq (14.7 million); development of plans for a chancery compound in Algiers, Algeria (1.6 million); acquisition of a chancery site for Tunis, Tunisia (3.1 million); and purchase of staff housing in Cairo, Egypt (0.3 million); and development costs for staff housing in Islamabad, Pakistan (0.6 million) which is funded from FBO Special Foreign Currency appropriation.

Various functional programs, $39.5 million.—Includes Anti-Terrorism, Fire-Safety and Energy Retrofit, and Communications Center renovations and security enhancements.

Administration and leasehold payments, $8.8 million.

OTHER ($21.7 MILLION)

In addition to the program changes in the S&E and FBO appropriations, the Department is also requesting:

$4.0 million for important Bilateral Science and Technology agreements with Poland and Yugoslavia.

−$1.8 million reduction in the International Boundary and Water Commission, primarily for non-recurral of payment for treatment of Tijuana sewage to San Diego.

$19.5 million for Migration and Refugee Assistance to fund programs to discourage dependence on welfare by newly arrived refugees during their first 90 days in the United States. This request will be partially offset by the reduced need for resources by the Department of Health and Human Resources for the Refugee Cash Assistance program.

The Office of Management and Budget has allowed the Department to utilize a 4.4 percent inflation factor for its domestic operations and a 1 percent inflation factor for its overseas operations.

Question 4. How do these inflation factors compare with the actual worldwide and the U.S. inflation rates?

Answer. In conforming to the Administration's guidelines, we have budgeted for a domestic inflation rate of 4.4 percent and an expected overseas inflation rate of 5.4 percent. The domestic assumption is consistent with the forecasts of private econometric forecasting services. The overseas estimate is a conservative request which assumes that net overseas operating costs will accelerate at rates close to domestic inflation. Actual overseas operating costs increased at a net annual rate of 11 percent in 1984. Under the Administration's inflation guidelines, currency gains resulting from the strength of the dollar will largely offset overseas inflation in specific countries.

However, even after accounting for the strength of the dollar, operating costs overseas will still accelerate at rates greater than domestic costs for the following reasons:

OPERATING REQUIREMENTS

The unique operational demands placed upon the Department require the acquisition and maintenance of a highly sophisticated and relatively costly support system for overseas staff. The goods and services product mix purchased by the Department is weighed heavily towards items prone to large cost increases such as support costs for the Department's sophisticated communication, security, and information systems. Also, in many parts of the world, the supply of housing and office space suitable for Department needs is small. This supply problem generates additional cost increase pressures. Finally, there is stiff competition for the types of skilled labor normally performed by Foreign Service Nationals (FSNs), particularly in the lesser developed regions of the world.

LEGISLATIVE STATUTES

The Foreign Service Act of 1980 authorizes the Department to maintain comparability with the prevailing wages paid to local employees. In administering the FSN provisions of this Act, the Department conducts wage surveys to measure the difference between the compensation of FSNs and those doing comparable work in the country. The impact of these wage surveys is estimated as part of the recommended FSN wage increase in this request.

LOCAL GOVERNMENT DECREES

At a large number of posts, across the board wage decrees are mandated by the host government. For example in the second quarter of FY 1984 wage increases were decreed in Brazil, Italy, Cameroon, Iceland, Belgium, and Israel.

EXCHANGE RATE FLUCTUATIONS

Exchange rate fluctuations reflect to some degree inflation differentials. Consequently, an appreciating dollar ameliorates the impact of unbudgeted overseas price increases.

However, these exchange fluctuations do not automatically adjust to account for changing inflation patterns. Most of the world's currencies are pegged to another currency or group of currencies (i.e., to the dollar, the franc, or the World Bank's special drawing rights index). Most of the major European currencies are governed by a cooperative agreement (European Monetary System). In addition, because of local regulations, the Department is frequently forced to purchase local currencies at rates significantly less favorable than those which could be obtained in open markets (i.e., Soviet Union).

OVERALL INFLATION LEVELS

Overseas operating costs accelerate at faster rates than domestic costs. Overseas inflation is significantly higher than domestic inflation in most countries of the world as shown in the following table:

Projected 1985 inflation rate

Country:	*Percent*
United States	5
United Kingdom	6
France	8
Italy	11
Nigeria	29

Indonesia	10
Mexico	46
Argentina	341
Brazil	148

Question 5. Has the strength of the dollar offset inflationary increases abroad?

Answer. In 1984, the strength of the dollar offset most of the operating cost increases resulting from unbudgeted overseas inflation. In this request, the strength of the dollar is reflected throughout. For example:

The Department will absorb the entire FY 1985 Federal payraise ($13 million) with exchange gains.

The FY 1986 budget offsets anticipated price decreases with expected currency gains in 10 countries (Argentina, Bolivia, Brazil, Ecuador, Mexico, Peru, Greece, Turkey, Yugoslavia and Israel). In these hyperinflation countries, high inflation has been accompanied by a fairly regular pattern of exchange gains and devaluations.

In non-hyperinflation countries, the Department budgets for an overseas inflation rate of 5.4 percent as compared to the 10 percent forecast by current post estimates. Consequently, our request excludes almost $20 million required under current post estimating procedures for overseas inflation that we anticipate will be financed from exchange gains.

The Department's request includes a 1985 supplemental transferring $13.8 million of exchange gains from the Contributions to International Organizations appropriation to Salaries and Expenses, primarily for security requirements.

Finally, authorization of the Buying Power Maintenance (BPM) appropriation at the end of FY 1982 provides the Department with some flexibility to moderate the impact of fluctuating exchange rates. Since inception of the BPM, the dollar has performed well against most major currencies. The strength of the dollar has allowed the Department to "bank" FY 1983–85 exchange gains in 16 OECD countries. The balance of this appropriation now totals $22 million. The funds in the Buying Power Maintenance appropriation can only be used to offset unbudgeted inflation and adverse exchange fluctuations.

Question 6. Could you please explain the purpose of the program increases you are suggesting? What would be the effect of freezing activities at current levels?

Answer. The program increases we are suggesting are all of vital importance to our ability to execute the foreign policy of the United States. These increases include:

Program changes:

SALARIES AND EXPENSES ($51,456,000)

Management reductions, –19,965,000

In support of the President's deficit reduction program several management initiatives are estimated to save $19,665,000 and 68 positions. These are:

Department along with all other Federal agencies is reducing American salaries 5 percent ($13,758,000).

Mid-level grade positions reduction, a part of the administration's plan, will save $4,167,000.

Personnel functions are reduced, in part through automation and realignment of work requirements, by 20 positions and $600,000.

Finally, by improving productivity in our overseas pouch operation and administrative support activities will save 48 positions and $1,144,000.

In addition to the management reductions identified above, the Department will absorb workload increases through productivity improvements and realignment of work wherever possible. These absorptions include 27 positions and $1,394,000 which were attributed to a 6 percent increase in the number of passports expected to be issued in 1986. The Department estimates that it will issue approximately 5.5 million passports, an increase of approximately 300,000 over projected 1985 estimates. Also, we are absorbing 116 positions and $5,150,000 required to meet workload increases which have already occurred in our administrative support organizations overseas.

Reporting and analysis, $11,400,000

Provides 17[illegible] positions to strengthen political and economic reporting and analysis efforts.

Implemented 4 years ago, this program recognized that staffing in critical countries was not sufficient to meet basic substantive responsibilities. The 1986 request includes political, scientific and economic reporting and program direction positions located in the following offices: African Affairs (32); Latin America Affairs (24); East

Asian/Pacific Affairs (32); European/Candian Affairs (29); Near Eastern/South Asian Affairs (27); Intelligence & Research (22); Economic Business Affairs (6); Politico-Military Affairs (3); and Oceans, Environmental & Scientific Affairs (1).

Security, $30,772,000

The 1986 request of 141 positions and $30,772,000 reflects the continued adverse international security climate.

Primary program components include: 77 Regional Security Officers ($9,517,000); 31 Overseas Security Engineers ($7,160,000); audio countermeasures ($1,007,000); marine security guards for 12 embassies ($2,232,000); public access controls ($4,279,000); residential safe-havens for N'djamena ($110,000); specialized in-service training ($382,000); other marine security guard support ($1,101,000); and other security support ($4,984,000).

Information systems, $11,722,000

27 new positions primarily for Foreign Affairs Information Systems (14), and Improved Information Systems Security (13).

Program changes include the development phase of the Foreign Affairs Information System project, which will provide the Department with a comprehensive classified corporate data base system ($5,722,000), improved information systems security program ($3,700,000), and the automated intelligence support system ($2,300,000).

Communications, $17,527,000

An additional 20 communications positions are required for trainers (3) and other communications support (17).

The 1986 increase will update and partially replace communications equipment and systems, as well as provide enhancements required by program and workload changes. Major elements are the Classified Information Handling System ($10,965,000), the overseas radio program ($2,300,000), shielded enclosures ($1,600,000), post communications centers ($1,618,000) and other communications support requirements ($1,044,000).

FBO: ($94.7 million)

Program changes in this appropriation are mainly in the capital and functional building programs in suport of long-term security needs.

Africa, $7.7 million.—Site acquisition and development for chanceries in Abidjan, Ivory Coast (1.6 million), Cotonou, Benin (2.7 million) and Khartoum, Sudan (2.4 million); and for purchase of staff housing in Khartoum (1.0 million).

Inter-American Republic, $6.1 million.—Site acquisition and development for chanceries in Santiago, Chile (6.1 million).

East Asia and the Pacific, $8.2 million.—Development of plans for chanceries in Beijing, China (2.0 million); Port Moresby, Papua New Guinea (0.6 million); development of plans for consulate office buildings in Guangzhou, (1.1 million) and Shanghai, China (1.2 million); and for purchase of staff housing in Jakarta, Indonesia (3.0 million); and Bangkok, Thailand (0.3 million).

Europe, $4.1 million.—Site acquisition and development for consulates in Izmir (0.9 million), Istanbul (Compound) (1.2 million) and a Chancery compound in Ankara, Turkey (2.0 million).

Near East and South Asia, $20.3 million.—Site acquisition, development and construction of a chancery compound in Baghdad, Iraq (14.7 million); development of plans for a chancery compound in Algiers, Algeria (1.6 million); acquisition of chancery site for Tunis, Tunisia (3.1 million); and purchase of staff housing in Cairo, Egypt (0.3 million); and development costs for staff housing in Islamabad, Pakistan (0.6 million) which is funded from the FBO Special Foreign Currency appropriation.

Various functional programs, $39.5 million.—Includes Anti-Terrorism, Fire-Safety and Energy Retrofit, and Communication Center renovations and security enhancements.

Administration and leasehold payments, $8.8 million.

Other ($21.7 million)

In addition to the program changes in the S&E and FBO appropriations, the Department is also requesting:

$4.0 million for important Bilateral Science and Technology agreements with Poland and Yugoslavia.

$1.8 million reduction in the International Boundary and Water Commission, primarily for non-recurral of payment for treatment of Tijuana sewage to San Diego.

$19.5 million for Migration and Refugee Assistance to fund programs to discourage dependence on welfare by newly arrived refugees during their first 90 days in the United States. This request will be partially offset by the reduced need for resources by the Department of Health and Human Resources for the Refugee Cash Assistance program.

The effect of freezing activities at the current level would severely undermine the Department's ability to protect its personnel and facilities overseas, as well as its ability to address the pressing security concerns of the Secretary's Advisory Panel on Overseas Security (the "Inman Panel").

The cut in Salaries and Expenses (S&E) alone would mean a $51.5 million reduction in all scheduled program changes.

In the security area, this would require referral of the following programs: plan to establish RSOs at all medium-sized posts. At present, only 81 of our 262 posts have professional security officers; establishment of the security engineer positions needed to maintain the security equipment we have in the field; establishment of Marine Security Guard units at all embassies to protect national security information; abandonment of efforts to systematically assign armored cars to overseas posts in high-threat areas; reduction in programs to install public access controls and improve perimeter security at overseas posts; further stretching out of the CHIS, which is needed to protect our automated systems from electronic eavesdropping; and reduction in the emergency radio program.

Aside from security, the cuts would mean cancellation of the proposed FAIS—a program which will integrate the Department's data processing and telecommunications networks with substantial out-year dollar savings to the Department.

A budget freeze would also delay our effort to strengthen the Department's substantive reporting and analysis activities at 250 overseas posts and in Washington. One-third of the new 1986 positions are for small embassies and constituent posts which are stretched too thin to perform these basic functions adequately.

The Department's FBO Capital Program would be hit equally hard by a proposed freeze. For example, approximately 12 FBO capital projects might be abandoned to compensate for the freeze—seven of which are security-related projects. The Inman Panel has indicated that 139 of our 262 posts abroad do not meet our new minimum security standards and are in need of replacement or significant overhaul. The proposed freeze would set us back even further from our goal of protecting our threatened personnel and facilities overseas.

Question 7. We realize that certain built-in increases, such as annualizing last year's pay increase for individuals, are mandatory. What, however, would be the effect of freezing these total costs at current levels and reducing personnel, telecommunications, and other services accordingly? The Committee on Foreign Relations, faced with the same price increases as other parts of government, has nonetheless frozen its own budget.

Answer. Freezing the Department's request for mandatory built in increases (which in the Salaries and Expenses appropriation alone total $69 million), would be difficult, if not impossible, because we have already cut into our programs to fund 211 positions and $27 million in mandatory workload requirements which we must perform. We have:

Eliminated from our request 68 positions and almost $20 million through management initiatives.

Absorbed 143 positions and $6.5 million in passport workload and already known overseas administrative support workload.

The requirements as well as the ones identified in your question must be funded regardless of the level of resources provided.

In addition, we would be forced to consider reductions or eliminations of the following activities as indicated:

Political and economic reporting and analysis efforts. This multi-year effort is critical to our basic substantive responsibility.

Elimination of 141 overseas Security positions and programs which are required in this continuingly adverse international security climate. (We can not afford to take a hiatus, even for a year in this program. The effort we make today will save lives and U.S. property in the future.)

Vitally needed communication and information systems which are linked to our security efforts at embassies and posts abroad.

Freezing new hires when the Department is hard pressed to meet existing reporting and analysis, security, communications, passport and administrative functions.

Furlough of current employees, both Foreign Service National and American. Such an action would interrupt critical Departmental activities in the conduct of foreign policy.

Question 8. The Administration proposal would mean that the Department would have increased personnel by almost 2,000 positions over 3 years. Is it not now time to stop this increase and make necessary increases in one area by decreasing elsewhere?

Answer. The Department cannot now make increases in one area and decrease elsewhere. If our 1986 request for 391 positions is approved, the Department will have approximately the same number of employees now as it did 10 years ago. For several years after 1975, our personnel levels declined sharply while our global responsibilities increased. Accordingly, long term corrective action had to be taken, and the results of these efforts to date will restore the Department to 1975 levels.

These position increases have been for several critical purposes. Reporting and analysis requirements affecting national security are constantly increasing—and the Department must meet this need. With the increasingly dangerous environment for our personnel and facilities abroad, our security requirements have mushroomed. Domestic and overseas consular workload underpinned by statutory mandates has relentlessly continued upward. Other government agencies have markedly increased their employees abroad, and the Department must provide the administrative support to sustain them. Accommodations must be made to meet burgeoning communications and administrative requirements. New posts have been opened and our professionals deserve a professional training program.

The table below summarizes these position increases:

Reporting and analysis	350
Security	625
Consular (principally for passport and visa work)	300
Other Admin support (information systems, communications, etc.)	400
Post openings	75
Professional development	50
Other	100
Total	1,900

Question 9. The Department of State occasionally has been criticized as an anachronism, with ambassadorial functions overtaken by modern communications, specialized functions performed better by agencies with technical expertise, and policy decisions taken, by the White House. How would you respond to such criticism?

Answer. Modern communications have not, and cannot, displace the judgments and advice of able diplomats on the scene. And in many situations, the personal qualities of an ambassador and his relationship with the leaders of the host country do have an effect on the state of relations between that country and the United States; personal diplomacy remains an important ingredient of foreign affairs.

Nor does the technical expertise of some agencies obviate the need for negotiating skills, or for the reporting and analysis capability of the Foreign Service and the State Department. State supplies the intelligence community with most of the useful information that is received and the intelligence community has strongly supported the Department's request for an increase in reporting and analysis positions.

Policy decisions indeed are taken by the White House. That is precisely where they should be taken. But in matters of foreign policy, those decisions are heavily influenced by the information and advice provided by the State Department.

Question 10. The number of bureaus in the Department is 19 and is on the increase; the number of Ambassadors at Large has grown to 6; there are 4 Under Secretaries. Do you find this structure unwieldy and unmanageable?

Answer. This structure is not unwieldy and unmanageable. The organization of the Department has evolved pursuant to the growing complexity of modern foreign policy responsibilities and reflects emerging priorities of both the Executive and Legislative branches. For example, the Bureau of Human Rights and Humanitarian Affairs and the Bureau of Oceans and International Environmental and Scientific Affairs were created in response to strong Congressional interest.

In this dynamic context, however, it is nevertheless necessary to continually review how the Department is organized to perform its foreign policy tasks. We must be alert to better ways of deploying our resources to this end.

For example, the number of Ambassadors at Large needs to be reviewed periodically. These positions have fluctuated in response to the Administration's need for a variety of means to pursue the nation's changing foreign policy interests. Accordingly, continual examination of these efforts is necessary even though staffs of these ambassadors have been kept small and the Ambassadors at Large have complemented, not duplicated, traditional duties other ambassadors and the Foreign Service.

On the other hand, the present four Under Secretaries reflect the broad division of the Department's functions—political; economic; security assistance, science, and technology; and management. Delegating responsibilities in these broad areas has streamlined communications and helped assure full consideration of foreign policy issues.

Question 11. There is a general sense that despite your own personal importance in the foreign policy process the Department itself has increasingly seen its functions shared with other agencies and departments. Does the Department's hand in setting and executing foreign policy need to be strengthened? If so, how?

Answer. The foreign policy making process has become increasingly complex in the years since World War II. Foreign policy makers face a larger range of issues, many of them highly technical, and many more organizations naturally have asserted their claims to participate. Against this background of competing interests, the Department remains the lead entity in implementing foreign policy.

While comfortable with this role, the Department has put a high priority on the need to enhance its reporting and analysis capability to meet growing responsibilities. For 1986, the Department's budget request includes 176 positions and $17.3 million for this vital function.

Question 12. According to a recent Congressional Research Service report, the diffusion and overlapping of responsibility for embassy security at the Department of State might be part of the reason for our embassy security problems. Are there any proposals under consideration for changing the present organizational framework to make the Department more efficient in achieving its security program objectives?

Answer. There are no proposals under consideration for changing the present security organizational framework. In making the Department more efficient in achieving its security program objectives, we have clarified for our Ambassadors worldwide the security chain of command. We have informed them that they are ultimately responsible for security at their missions. The security chain of command overseas is: the Ambassador, the Deputy Chief of Mission, the Administrative Officer and the Regional Security Officer. The mechanism for focusing on all threat situations is the post's Emergency Action Committee which is usually chaired by the Deputy Chief of Mission. The Regional Security Officer works directly for the Ambassador and the Deputy Chief of Mission in his role as the Executive Secretary of the Committee. All members of the chain of command have been informed of their responsibilities.

In Washington, the security chain of command is: the Secretary, the Under Secretary for Management, the Assistant Secretary for Administration and Security and the Deputy Assistant Secretary of Security.

We have also taken steps to improve the efficiency of managing the security programs from Washington. As examples:

Top management of the Department holds daily meetings on the Department's security response to terrorism.

We have changed the name of the Bureau of Administration to the Bureau of Administration and Security (1) to reflect the reality that security has assumed a much larger role in the Department's administrative responsibilities and (2) to emphasize the importance of security for Department managers at all levels.

We have transferred the management of the Department's Security Enhancement program to the responsible line managers. This reorganization has simplified and clarified responsibility for security improvements at overseas missions.

There has been much consolidation of operation and funding for security programs under the Deputy Assistant Secretary for Security.

We have established an inter-agency Overseas Security Policy Group to develop and implement uniform overseas security standards for all foreign affairs agencies.

We have established an Overseas Security Advisory Council to promote the security communication and coordination between American overseas business and the U.S. Government.

Question 13. Could you provide the Committee (for the record) with a complete update of how the Administration has spent or is spending the FY 1985 security supplemental appropriation?

Answer. We have made substantial progress in providing additional personnel, equipment, and structural security measures authorized in the 1985 security supplemental appropriation of $110 million to support our overseas missions. As examples of this progress, we have: funded immediate security improvements at 144 posts and have contracted turnkey firms to survey, design and construct major perimeter security improvements at 37 high threat posts; purchased 26 fully armored sedans and are acquiring 34 additional fully armored leased vehicles. They will be in place by the fall of 1985; installed voice privacy radio systems at 12 high threat posts and shipped systems to 36 other posts for installation; received 9 of 25 TACSAT systems for emergency communication; begun the construction or renovation process for chancery facilities at 13 posts; and hired 73 of 230 personnel provided by the Security Supplemental.

Question 14. Is the current security program meeting its timetable? What problems remain?

Answer. We are pleased to report that of 21 major programs covered by the Security Supplemental on which we report to the Senate Foreign Relations Committee monthly, all but 6 are on schedule. Two—the emergency radio program and the Marine Security Guard vehicle program—are virtually complete.

Of the 13 capital projects all but three are on schedule. Those three are delayed because of problems in locating suitable sites. Construction at the first embassy will begin next month.

Question 15. What long-range issues will need to be met? Will adequate security require modeling and rebuilding well into the future, even beyond initial projections?

Answer. The major issue of a long range nature that has to be met is the replacement of our embassies overseas. The Advisory Panel on Overseas Security, the Inman Commission, identified 139 locations among our 262 posts where the chanceries should be replaced to provide adequate physical and technical security. The Office of Foreign Buildings is currently developing a multi-year capital program to address this need.

Question 16. How sensitive is the Department to the need for embassies to remain relatively open, while at the same time being secure?

Answer. We are very sensitive to the need for our embassies to remain relatively open, while at the same time being secure. There always must be a balance between an image of openness and the protection of the lives of our employees and those who come to do business with us. However, U.S. Embassies must, above all, be secure places.

With the funds provided by the Congress in the FY 1985 Security Supplemental, we contracted with the National Research Council of the National Academy of Sciences and the National Academy of Equipment for a research and development program to develop new design standards to be incorporated into our future facilities. The Council was directed to integrate physical and technical security with the functional operational needs of the embassy.

Question 17. Can you assure the Committee that security is of such priority abroad that construction and renovation for other purposes takes a back seat to it?

Answer. Yes, we can assure the Committee that security is of such priority abroad that construction and renovation for other purposes takes a back seat to it.

Not only were all of the construction projects in the 1985 Security Supplemental based on security concerns, but the vast majority of the construction projects in the 1986 Budget are driven by security considerations. The remaining 1986 projects are very high priority for operational reasons. For example, we must continue to rehabilitate our office and housing facilities in Bonn.

The Inman Panel has pointed out the extent of the security problems we have with our present buildings. We recognize that we can ony address these problems with a high priority security construction program.

Question 18. Why is the total authorizaton request more than $7 million above last year's appropriation given the withdrawal from UNESCO and the almost $12 million drop in FAO assessment?

Answer. Our withdrawal from UNESCO has no bearing on the net increase for 1986 since our $5.0 million obligation for 1985 was offset in its entirety by credits due to us and withholdings in accordance with statutory requirements. This $5.0 million is part of the $13.8 million that we have requested to be transferred to the Salaries and Expenses appropriation as part of the 1985 program supplemental.

Our fiscal year 1986 request for Contributions to International Organizations is a net increase of $7.4 million over our fiscal year 1985 requirements. Decreases totalling $13.8 million, primarily attributable to exchange rate gains in FAO, are offset by increased assessments totalling $21.2 million due primarily to inflation, limited program growth, and our contribution to the International Coffee Organization, which was previously funded from the Intenational Conference and Contingency account.

Question 19. Please explain the current situation with regard to U.S. participation in UNESCO and UNESCO-funded groups.

Answer. The United States ceased to be a member of UNESCO on December 31, 1984. However, we remain interested in UNESCO reform and are pursuing several Presidentially-directed activities with respect to the Organization.

The United States established an Observer Mission at UNESCO, responsible for protecting U.S. interests and promoting reform in UNESCO, with the Permanent Delegations of Member States and the Secretariat.

On February 11, the Administration appointed a Reform Observation Panel of 10 distinguished private citizens to assess and report on UNESCO reform efforts, and to encourage reforms that further continuing U.S. interests. The Panel, headed by Leonard Marks and Lyn Nofziger, is participating with the Department in U.S. initiatives respecting UNESCO reform.

Overriding budget restraints do not permit us to fund all of the programs we would wish to take the place of our UNESCO participation. However, we have requested $2.75 million in the FY 1986 International Organization and Programs (IO and P) account to continue U.S. participation in UNESCO-affiliated international conventions and organizations which are essential to the United States and not duplicated elsewhere. As voluntary contributors to these UNESCO-affiliates, we plan to remain full and active participants.

Question 20. Please explain the $7 million increase in contributions to the Pan American Health Organization.

Answer. Built-in wage increases make up more than half the increase. Cost increases due to inflation account for the remainder of the increase. The Pan American Health Organization projects that inflation in the Latin America will remain at very high levels.

Question 21. What has been the effect on other U.N. bodies of our withdrawal from UNESCO? Are we following up our action with concrete steps to remedy difficulties with other groups?

Answer. Our withdrawal from UNESCO has demonstrated the seriousness of our concerns and the need for reform. We find that U.S. views are now taken more seriously throughout the UN system.

We are insisting that conference chairmen, secretariats and key member states work together to keep the activities of the UN specialized agencies focused on their assigned technical subjects and not on extraneous political issues.

We have made clear to every international organization to which we belong that we will not tolerate unrestricted budget growth.

Question 22. Is the Department engaged in an evaluation of the effectiveness of the United Nations and its specialized agencies? Are any international organizations currently being examined as possible candidates for U.S. withdrawal? What criteria does the administration use to determine whether an agency is worth belonging to? Which agencies are most and least effective?

Answer. The Department systematically reviews its participation in selected international agencies. These reviews result in planning documents which summarize our assessments of the agencies' effectiveness, and, taking these assessments into account, set foth proposed U.S. multilateral policies and strategies. We currently have 18 of the more important agencies under review, such as WHO, PAHO and IAEA. In addition we are conducting in-depth assessments of the programs of four multilateral agencies (WFP, UNICEF, UNCTAD and UNEP). None of the organizations currently being examined are considered as possible candidates for U.S. withdrawal.

Except where there is duplication, we have not found it very useful to draw comparisons between agencies since each performs different functions. Instead, we try to assess an agency's overall performance and practical accomplishments.

Question 23. Could you state the overall foreign policy purposes served by our membership in the United Nations and its agencies? What improvement in the structure and activities of these agencies would better serve these purposes? Would a full-scale program and management audit be useful?

Answer. The U.N. Charter reflects American ideals and supports U.S. national interests. Hence, the United States serves its foreign policy purposes by working to ensure that the United Nations is true to the goals of the Charter.

The United States, determined to strengthen the U.N. system, seeks improvements by curbing problems which undercut the goals of the U.N. Charter. We are striving to roll back the growing politicization of U.N. agendas, by confining political issues to the General Assembly and Security Council where they belong and keeping them out of the technical and specialized agencies. We are working hard against the bloc voting which distorts voting patterns in every U.N. arena. Most important, we seek to return the United Nations to fair play—avoidance of double standards, and name-calling usually aimed at only a few countries (Israel, the United States).

Question 24. In recent years there has been much discussion of the use of U.N. personnel by the U.S.S.R. for spying. What is being done about this problem?

Answer. We have stressed and will continue to stress to the Secretary General and leaders of the specialized agencies that the United States will not tolerate the presence of U.N. employees who engage in activities in the United States which are incompatible with their U.N. duties. On several occasions we have either expelled or the FBI has arrested agents who had infiltrated the U.N. system. We shall continue this policy of vigilant monitoring and quick reaction to such abuses.

Question 25. Would you please describe any improvements that you may have seen in the management and evaluation in the international agencies which are adhering to zero net program growth?

Answer. Our emphasis on zero net program growth budgets requires that international agencies institute management improvements and strengthen their evaluation programs. Below are some examples:

The International Maritime Organization in 1984 established a central evaluation unit.

the United Nations has also instituted a program for the regular preparation of internal evaluation studies.

The International Atomic Energy Agency (IAEA) has initiated savings in general services, and maintenance and operation of the Vienna International Center which it is using to improve the delivery rate of its technical assistance program.

The World Health Organization (WHO) has tightened its operations at headquarters through management improvement in order to assign a larger portion of its budget resources to the field.

Question 26. Early in the FY 1986 budget process, it was reported that the United States was planning to withdraw from the FAO. Have you conducted a review, or are you planning to conduct a review of the FAO comparable tot he 1983 review of UNESCO which led to our withdrawal from that organization?

Answer. We critically review the activities of all the international organizations to which the United States belongs in order to strengthen their operations. With the Department of Agriculture and other concerned government agencies, we intend to give FAO particular attention this year because of the adoption of the next FAO biennial budget (for the years 1986-1987). We would not characterize this exercise as comparable to the review which was done during our consideration of withdrawal from UNESCO.

Question 27. What criteria were used by OMB to determine tht the United States should withdraw from FAO? Is there any plan within the Administration to withdraw from the FAO at some future date, perhaps once the current African crisis has passed.

Answer. Questions on what criteria were used in formulating the recommendation that the United States withdraw from the FAO should be directed to OMB, however, the Administration has no plans to withdraw from the organization.

Question 28. Could you explain the problems or shortcomings you see in the FAO which might lead the Administration to consider withdrawing from the organization?

Answer. We believe there is room for improvement in FAO's efficiency and effectiveness. We are urging FAO, as all other international organizations, to adhere to a policy of zero real budget growth and maximum absorption of non-discretionary cost increases. We wish to encourage FAO to continue its recent shift of resources from administrative to program uses and to give greater emphasis to private sector contributions to agricultural development. We want to ensure that politicization is absent from FAO activities. We want to increase the number of Americans in FAO. On balance we feel that continued U.S. membership in the organization is beneficial to the United States.

Question 29. There have been indications that the Soviet Union and several other Eastern European countries will follow Poland's lead and withdraw from the International Labor Organization (ILO). Do you think this is likely? If so, what effect will it have on the ILO?

Answer. On the basis of recent Soviet statements an actions, it does not appear that Moscow will follow Poland's lead and announce its intention to withdraw from the ILO. At present we believe the Soviet intention is to intensify their pressure the ILO, especially to advance their ideas for changes in the organization's supervisory machinery, but not to withdraw.

Question 30. The Department is asking for blanket authority to pay for U.N. peacekeeping activities. Why do you seek this authority? Is it not more desirable to seek the authority of Congress in each separate instance.

Answer. Because situations and events unfold very rapidly in connection with the formation and establishment of U.N. peacekeeping forces, we need to be in a position to respond quickly should the need arise. The motivating factor behind this amendment is the anticipated establishment of the United Nations Transition Assistance Group in Namibia. It is by no means our intent to circumvent the authority of the Congress in this regard. In fact, we would consult closely with the Congress if and when we need to draw on this authority.

Question 31. Please discuss the timetable for the expenditure of funds for the Soviet-East European Research activity.

Answer. Actual disbursement of FY 1985 program grant funds, $4.7 million of the $4.8 million appropriated, should be completed by the end of April. The $0.1 million remainder represents support costs which will be spend throughout the year.

The Soviet-Eastern European Research and Training Act became operative last October. Pursuant to the Congressional mandate and GAO regulations, a national competition for programs to be funded began on October 2, 1984 and were evaluated by the Soviet-East European Studies Advisory Committee on December 17-18, 1984. The Department approved the recommendations of the Advisory Committee after internal review on January 14, 1985. A total of $4.7 million was designated for 10 organizations subject to negotiation of grant agreements. The agreements for all the organizations were negotiated by the end of March, 1985.

[Whereupon, at 11:40 a.m., the committee adjourned, to reconvene at 10 a.m., Friday, March 29, 1985.]

FOREIGN RELATIONS AUTHORIZATION, FISCAL YEARS 1986 AND 1987

(Board for International Broadcasting, National Endowment for Democracy)

FRIDAY, MARCH 29, 1985

United States Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 10:10 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee) presiding.

Present: Senators Lugar, Helms, Pell, and Cranston.

The Chairman. This hearing of the Senate Foreign Relations Committee is called to order.

Today's hearing will consider the administration's authorization request for the Board for International Broadcasting [BIB] and for the National Endowment for Democracy [NED].

The Board for International Broadcasting oversees the operation of Radio Free Europe and Radio Liberty [RFE/RL], which have had a distinguished record of broadcasting information to the Soviet Union and the Eastern bloc about what is occurring in their own societies. The National Endowment for Democracy is a recent effort by the administration to promote democratic institutions and values abroad.

The administration is requesting $142 million for BIB, up $44 million from 1985; and $31.3 million for NED, up nearly $13 million from 1985. As I have remarked at other hearings, the committee faces the difficult task of securing vital functions in a time requiring fiscal constraint.

I am pleased to welcome the first panel of witnesses, the Honorable Frank Shakespeare, and the Honorable Ben J. Wattenberg, chairman and vice chairman of the Board for International Broadcasting; the Honorable James L. Buckley, president of Radio Free Europe and Radio Liberty, Inc.; and Michael Novak, a member of the Board for International Broadcasting.

Gentlemen, we are delighted to have you. Before we proceed to your testimony, I would like to ask Senator Pell if he has an opening statement this morning.

Senator Pell. Thank you, Mr. Chairman.

These hearings on the authorization requests of the BIB are of very real significance. RFE and Radio Liberty offer millions of people behind the Iron Curtain the only source of uncensored news and programming about their own nations. To carry out their mission, RFE and Radio Liberty must be objective and unbiased and, above all, credible.

I am, therefore, disturbed by mounting reports of broadcast violations on the part of the Radios. If the Radios broadcast inaccurate or biased information or if they become the mouthpiece of certain emigré cliques, they risk their credibility. Without proper control, the Radios will be unable to speak convincingly to their audiences and, even worse, will provide a distorted image of the West.

I look forward to exploring these concerns with the representatives who are here on the panel, but also with the GAO, which has just completed at my request a study of alleged broadcast violations at the Radios. I think this will be an interesting and productive hearing. I look forward to it very much indeed.

The CHAIRMAN. Thank you, Senator Pell.

Senator Helms, do you have any opening comments?

Senator HELMS. Mr. Chairman, I do not have an opening statement, but I want to welcome all four of these distinguished gentlemen.

I was just thinking, I am glad each of them is where he is because of the enormously important work that they do. I especially want to welcome our old colleague, or our young colleague who has not been here for a while, Jim Buckley. Jim was sort of my leader when I came to the Senate in 1973, and, Senator, we still miss you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

Gentlemen, how do you wish to proceed to make your case this morning?

STATEMENT OF HON. FRANK SHAKESPEARE, CHAIRMAN, BOARD FOR INTERNATIONAL BROADCASTING

Mr. SHAKESPEARE. If it is agreeable with you, Mr. Chairman, I will make some very brief opening remarks, and then I would like to call on Ben Wattenberg, who is vice chairman of the board and chairman of the Program Committee, to make what remarks he sees; then Michael Novak, who is also on the Program Committee; and then the president of the organization, Jim Buckley.

The CHAIRMAN. Could I ask that each of you limit your opening remarks to 10 minutes so that we have a maximum amount of time for questioning? I know there are some time constraints for members of the panel. In that way perhaps we could expedite the hearing.

Mr. SHAKESPEARE. Mr. Wattenberg and Mr. Novak have fairly extensive remarks which they will submit for the record and we will just summarize their views for you.

The CHAIRMAN. They will be included in full.

Mr. SHAKESPEARE. Mr. Chairman, my remarks can be extremely brief. To address the matter that Senator Helms talked about, if you exclude myself, he said he was delighted that these other gentlemen are associated with these Radios, and I must say as a citizen that I share that enormously.

It might be useful to put into focus that the Board for International Broadcasting consists of nine people, and each of them has one vote, so that the chairman has no more power than the others, except perhaps in terms of prestige or something of that nature. But essentially it is a collegial, bipartisan group.

Of the nine people, Senator Helms and Mr. Chairman, seven of them are worth noting as being people who have spent their lives in the private sector in the United States in journalism, writing or in broadcasting. For example, Mr. Wattenberg and Mr. Novak are very distinguished members of the American journalistic community.

Those who are not here who are also members of the journalistic communities are James Michener, who is, of course, one of America's great authors; Malcolm Forbes, Jr., who is president and deputy editor in chief of one of the great business magazines of the United States, "Forbes"; Arch Madsen, who is president of one of our great television and radio combines, Bonneville Broadcasting; Ed Ney, who has dealt all his life in one of the most creative firms in the United States. He is chief executive officer of the largest advertising agency in the United States, Young and Rubicam. And I have spent my life essentially in the private sector in broadcasting.

So of the nine directors, seven are from the journalistic writing community. The remaining two are Claire Burgner, a retired Congressman from San Diego; and Lane Kirkland. And that constitutes the nine members of the Board.

These directors have really sat as directors for 15 months. We held our first organizational meeting a year ago January. We have directed the affairs of this organization for the past 15 months, and I want to say again as a citizen that I am almost awed by the amount of time that these people, who are among the busiest people in the United States, give to these Radios.

And I think they do it in direct response to what Senator Pell said about the importance of these Radios talking to Eastern Europe and the Soviet Union. For example, I would say that in the last year Ben Wattenberg has been to Munich perhaps four or five times—the same is true of Mike Novak—to sit with the writers, the editors, the radio production people, and the researchers. It is an extraordinary devotion to duty of private citizens.

I would like to mention another matter of considerable concern to our Board as we prepare for a major modernization of RFE/RL technical facilities, negotiations for new facilities in the Middle East and Far East, and the decisive 1987 session of the World Administrative Radio Conference on High Frequency Broadcasting.

Last summer, our appropriations bill for fiscal year 1985 was amended so as to limit our expenditure for engineering consulting services to $15,000, and terminate such expenditure after December 31, 1984, unless the Board filled the vacant Senior Executive Service position of Director of Engineering on the BIB staff. Although neither I nor any of my colleagues on the Board were consulted on this amendment, we understood it as a mandate to fill the position quickly. We had every intention of doing so as soon as a suitably expert candidate could be identified.

However, the intent of the appropriations committees has now been frustrated—unintentionally and, I would hope, only temporarily—by administrative action. In seeking economies for fiscal year 1986 and future years, the Office of Management and Budget had proposed to eliminate unfilled positions government-wide, including our Director of Engineering—thus reducing the BIB staff from eight to seven permanent positions. The request before you includes neither the funding for this vital position nor adequate funding for comparable consulting services.

This leaves us in an impossible position—deprived of governmental engineering and technical-political expertise when we will need it more than ever in areas classified as well as unclassified. I am not suggesting that the Congress increase the overall budget request for BIB and RFE/RL, but rather that you make it possible for us to judge our own priorities. In our considered view, this matter is of very high priority. We would welcome your assistance in two actions:

(a) maintaining in fiscal year 1986 and the out-years the present BIB staff level of eight permanent positions; and

(b) eliminating the restriction on engineering consulting services.

Such action would enable us to meet our ongoing responsibilities within the Government and cope with the many new technical-political challenges clearly on the horizon.

May I now present Ben Wattenberg, who will make his remarks. Ben is vice chairman of the board and is chairman of the Program Committee of the Board.

Ben Wattenberg.

STATEMENT OF HON. BEN J. WATTENBERG, VICE CHAIRMAN, BOARD FOR INTERNATIONAL BROADCASTING

Mr. WATTENBERG. Mr. Chairman, this is the first occasion since the full formation of our Board following the passage of the Pell amendment, and I thought it might be useful to present some general impressions. I have a long statement, as Mr. Shakespeare mentioned, and I thought I would just give a few excerpts and read from a portion of it, if I might.

My general impression is that the Radios are and probably always will be fractious, contentious, and controversial. They were like that when we took them over, and I do not see any real possibility that the nature of those controversies will be stilled. Yet I do feel, after having devoted countless hours to this project, that probably dollar for dollar the money that the U.S. Government invests in Radio Free Europe and Radio Liberty is our best investment in national security.

We have had an increase in funding in recent years, and we appreciate that, obviously, but we still remain, in my judgment, drastically underfunded.

The statement details, as you might imagine, what a wonderful job current management is doing, but I wanted to read you a brief excerpt about some of the problems we have, most particularly some of the ones that Senator Pell alluded to.

Charges have been made that the stations have been broadcasting anti-Semitic, antidemocratic, and anti-Catholic material. It has been said further that extremists are taking over. I have tried to assess these charges as they have been raised in recent years. I went to Munich 2 weeks ago for yet another round of interviewing and checking.

Because I am Jewish, because I have been active in Jewish affairs all my life, I have paid particular attention to the charges of anti-Semitism. I believe that the charges about anti-Semitism, anti-Catholicism, antidemocratic broadcasting, or extremism, are wholly without merit.

I believe that RFE/RL has more broadcast controls, implicit and explicit, than any other journalistic enterprise in the world. These controls begin with the paramount fact that our product is not only public but very public, beamed by 46 transmitters totaling more than 7 million watts. Whatever we do is known.

Like free journalists everywhere, our first set of controls are before the fact. Our editors check our writers. Later our Broadcast Analysis Division [BAD] checks the product after broadcast. Our audience research arm hears about the product from yet another point of view. Our embassies in receiving countries let us know their opinion about our broadcasting.

The experienced and forthright staff of the Board for International Broadcasting reviews our product once more with absolutely no restrictions. There is a set of written and firm editorial guidelines. We commission outside scholars to do reviews of whole services. We have brought together groups of experts to analyze our allegedly controversial material.

The Program Committee, which I chair, includes Michael Novak and James Michener. They pay a great deal of attention to what goes out on our broadcasts, and we recently asked James Billington of the Wilson Center and Max Kampelman to do a special audit for us. And in a very real way, of course, this committee and its House counterpart is a form of broadcast control. I would suggest that no other journalistic enterprise in the world has so many different checkpoints.

In recent months, a number of suggestions have been made regarding reforming, or re-reforming, our controls. Many of these make sense; indeed, we had independently arrived at similar conclusions and have implemented these ideas. Other suggestions surely deserve further study. Some, in our opinion, however, would serve no useful purpose.

Now in a journalistic enterprise that produces 17,000 hours of original programming per year—yesterday I sat down with one of our BIB staff members, Tony Shub, and we estimated that the daily amount of material that goes out on our 21 language services would make up about a 1,200-page book. That is every day under very tight deadlines.

Under such circumstances there will always be some examples of some unfortunate programming, but this, of course, is not unique to Radio Free Europe and Radio Liberty. For example, Poles, Italians, Jews, Slavs, and Arabs in America maintain that American newspapers and networks are unfair and insensitive.

When a few unfortunate programs are taken out of context, when they are politicized by interested and axe-grinding players on many sides of many issues, these few broadcasts can indeed be made to sound dreadful. When audited and quantified by accountants, not by journalists or academics, games with numbers can always be played.

My review, however, convinces me that there is nothing systemic in our broadcasting that violates our guidelines regarding anti-Semitic, anti-Catholic, anti-Western, or extremist matters. Why, then, all the controversy? It seems to me there are political, practical, and philosophical reasons.

The practical reasons for public controversy frequently stems from one single fact: It is easy to deal with internal feuds and very difficult to deal with the broad range of broadcasting substance. After all, how can a reporter check 21 language services, or even 1, if he cannot get the radio signal, and likely does not even know the language?

Our management, on the other hand, makes such wide-ranging surveys of our broadcast material, and we are convinced that our product is fair, accurate, balanced, and has improved its quality.

The political reasons are elemental and ancient. We are dealing, Mr. Chairman, with a blood-soaked part of the world, with endemic intergroup hostilities. Our broadcasts go to a part of the world where Russians, Ukrainians, Jews, Poles, Slavs, Hungarians, Romanians—to name only a few—have faced murder, starvation, genocide, personal repression, and political annihilation.

Many of our broadcasters, and many emigres involved in these disputes, have sharply divergent views about the history and possible future of that part of the world. Living now in a free circumstance, yet with many of the feuds and differences unresolved, some of them talk in the hyperbolic language of their early surroundings.

It is easy, then, to hear accusatory terms like "KGB," "Nazi," "anti-Semitic," "anti-Catholic," "Communist," "Fascist," "atheist," that quite properly grate upon our ears and, quite understandably, cause journalistic and political interest. But these are whip-words, guaranteed to get a headline, and, in my judgment, often used for just that purpose.

The philosophical reasons for the swirl of controversy are perhaps most interesting. Our charge from the Congress is to run a free journalistic enterprise, a responsible one, certainly one that would never broadcast anti-Semitic material, a nonpropagandistic one, an enterprise not inconsistent with U.S. foreign policy but nonetheless a free surrogate home service whose very model offers nonfree people a sense of what freedom is about.

Now I do not happen to agree with Alexander Solzhenitsyn's views about the nature of Western society, but a free journalistic enterprise does not keep Solzhenitsyn's views about democracy off the air. Could we do that even if we wanted to, when his words are featured on page 1 of the New York Times and lead the news on the international service of the BBC? Could we do that when half of the political figures in America spent much of the 1970's making a somewhat similar point—that the Western democracies had lost their nerve? And that list, by the way, would include Ronald Reagan.

It is a hallmark of a democratic society that it will air views hostile to it. Indeed, paradoxically, if we do not, we are properly castigated as being propagandistic because we tell only good news. Nor can a free journalistic enterprise in good conscience say we will not broadcast historical material, certainly not to peoples whose totalitarian masters have attempted to rewrite and expunge that history in bizarre ways.

I have heard the suggestion made that we drop historical programming. It is said that is what always gets us into trouble. James Michener, a member of our Board, was in the room at the time that suggestion was made and, along with other members of our Program Committee, he vetoed the idea. He was horrified at the thought. Michener knows better than anyone that an understanding of history can help us understand our current situation and improve it.

History in that part of the world is harsh, but we must deal with history, just as an American journalistic enterprise would surely deal with the history of slavery, of Indian slaughter, and of brutal wars. Such a free journalistic enterprise would deal with such ugly situations while surely not endorsing them.

That is what we try to do on the Radios. We try to be sensitive, cautious, and noninflammatory. We also want to be comprehensive and accurate, and we think that is a hard line to draw, but we believe we do it pretty well.

In conclusion let me just say this. Free journalism is a tricky business. Government-funded free journalism is trickier still. Free journalism performed in a political context of alien cultures can get even more convoluted.

Members of this committee will not like every program we put on the air, but neither you nor I like every program that is on the air in America. Free journalism will sometimes be contentious, negative, and divisive. We may complain about it. That too is part of the system and it leads to ongoing reform. But the answer is not censorship.

This Board makes every effort to reduce the number of violations of our guidelines, which in any event we believe to be few and far between. But an infinitesimal increase or decrease in violations is not the appropriate measure of good broadcasting. Good broadcasting, good journalism, involves energy, excitement, research, high morale, intelligence, a lot of hard work, and freedom of inquiry.

We have tried to foster those qualities. The spectrum of views that we present is responsible but broad. This will continue to engender controversy, but that, sir, is the price of freedom.

[Mr. Wattenberg's prepared statement follows:]

TESTIMONY OF BEN J. WATTENBERG, VICE CHAIRMAN OF BOARD OF INTERNATIONAL BROADCASTING AND CHAIRMAN OF PROGRAM COMMITTEE

BEFORE THE

SENATE FOREIGN RELATIONS COMMITTEE

MARCH 29, 1985

Mr. Chairman:

I have been a member of the Board of International Broadcasting for four years. I am Vice-Chairman of the Board, and Chairman of the Board's Program Committee.

I was honored when nominated and confirmed; I looked forward to a placid tenure, helping to form broad policy from Olympian heights. That, I soon learned, is not the nature of Radio Free Europe and Radio Liberty.

As this is the first occasion for full testimony to this committee following the passage of the Pell Amendment reorganizing the management of the stations, I thought it might be appropriate to present a few overall impressions about the Radios.

I have come to understand that the Radios, by their very nature, are contentious, fractious, and controversial --- always in an apparent condition of ongoing crisis and dispute.

I have learned that the Radios do not do their job as well as they could.

I believe we have begun to make substantial progress toward improving the product, but these are only first steps.

I have come to believe that, with all their flaws, in terms of American national security interests, the Radios represent, dollar for dollar, the best investment we can make. I believe we are winning the Contest of Ideas in the world, and the Radios play a large role in that contest.

I believe that the Radios remain a most complex journalistic enterprise, full of inherent paradox; that these circumstances cause many of the problems that have been publicly vetted and that I know this Committee is interested in --- and that I would like to briefly address this morning.

* * *

When this Board began formation in early 1981, we faced Radios that were said (by some) to be editorially moribund and stultified, said (by some) to be editorially tilted toward a liberal view, said (by some) to be tilted toward a conservative/extremist view, riven with feuds, said (by many) to be in a state of organizational stalemate, with gaping managerial holes (no director of Radio Liberty for 18 months), said (by some) to be broadcasting nationalist, anti-Semitic, and anti-Catholic material, and, (in fact, agreed to by all) shamefully under-funded.

Upon investigation, it turned out that --- as with many charges leveled against the Radios --- there was some truth to some charges, none to others, as well as a substantial amount of exaggeration. (The charges against the Radios almost invariably stem from corridor talk and atmospherics, and often ignore what is most important --- what goes out on the air in 21 languages, 365 days per year.)

We acted to deal with the problems as we saw them. We worked with members of the Congress and the Administration to pass the Pell Amendment, putting responsibility and accountability in the same hands. It is only because that Amendment was enacted that we are able to be here today to account for our stewardship of the Radios, and to take responsibility for it.

We worked with the Executive Branch and the Congress to begin to raise the funding level of the stations. We have made a beginning --- only a beginning --- toward rectifying what was a national scandal.

We hired James Buckley as President of the Radios, a man of international reputation who publicly invested the organization with a public importance it had long deserved, but did not have.

We hired Jay Gildner, a USIA career minister, winner of USIA's Edward R. Murrow Award, as Vice President for Administration.

We hired a new Director of Radio Liberty (George Bailey), a prize-winning American foreign correspondent and an accomplished linguist. When a vacancy occurred, we hired a new Director of Radio Free Europe (George Urban), a long-time contributor to the Radios, a distinguished scholar of Eastern European and Soviet affairs.

What has been accomplished with these structural, financial, and personnel changes?

We have opened up new important news bureaus in Hong Kong and Pakistan. We believe we now present more coverage of the tragic situation in Afghanistan than does any other journalistic enterprise in the world. (And there is mounting evidence from our audience research office, soon to be published, that public dissatisfaction with the war is growing in the Soviet Union.)

We have begun to modernize and computerize our editorial system.

We have engaged more freelance contributors to enrich our programs.

We have devised new programs: on human rights, on democracy, on religion, on women, on "universities on the air," as well as prototypes for a new program on Judaism in addition to the existing program on Jewish affairs.

We believe we have opened up the editorial loop to reflect a somewhat broader spectrum of responsible opinion. For example: It was said, when we came into office, that Anthony Lewis frequently appeared in our world press-review budget, but George Will rarely so. Such charges are amorphous in nature and hard to assess. In any event, we believe we have achieved some balance. At the same time, we are endeavoring to make absolutely sure that what may have been a problem on one side of the spectrum will not in any way re-occur on the other side.

We have begun to modernize our physical plant.

Of critical importance, work has begun on new transmitters.

* * *

And yet, our work is unfinished; problems remain. We need more reporters, editors, and analysts; that is the only way program quality can continue to be enhanced. We need more equipment --- on the editorial side and on the transmitting side.

Charges are made that the stations have been broadcasting anti-Semitic material, anti-democratic material, and anti-Catholic material. It has been said that extremists are taking over. (These are not new charges; they have echoed about the Radios since their inception.)

Because I am not only Vice-Chairman of the Board, but Chairman of the Program Committee, I have tried to assess these charges as they have been raised in recent years. Because of a new round of public attention, I went to Munich two weeks ago, for yet another round of interviewing and checking. Because I am Jewish, because I have been active in Jewish affairs all my life, I have paid particular attention to the charges of anti-Semitism.

I believe that the charges --- about anti-Semitism, about anti-democratic broadcasting, about extremism --- are wholly without merit.

I believe that RFE/RL has more broadcast controls --- implicit and explicit --- than any other journalistic enterprise in the world. These controls begin with a paramount fact: that our product is not only public, but very public --- beamed by 46 transmitters totaling more than 7 million watts. Whatever we do, is known. If we err, we know about it quickly, often from an outside press corps delighted to pounce upon perceived error or internal conflict.

Like free journalists everywhere, our first set of controls are before-the-fact; our editors check our writers. Later, our Broadcast Analysis Division checks the product after broadcast. Our audience research arm hears about the product from yet another point of view. Our embassies in receiving countries let us know their opinion about our broadcasting. The experienced and forthright staff of the Board of International Broadcasting reviews our product once more, with absolutely no restrictions; they have been encouraged to communicate with management promptly about their judgments --- good and bad. There is a set of written and firm editorial guidelines that has evolved over the years. We commission outside scholars to do reviews of whole services. We have brought together groups of experts to analyze our allegedly controversial material. We have a West European Advisory Council of distinguished citizens. The program committee I chair includes Michael Novak and James Michener; they play a great deal of attention to what goes out on our broadcasts. We asked James Billington and Max Kampelman to do a special audit for us. And in a very real way this committee and its House counterpart is a form of broadcast control. I would suggest no other journalistic enterprise in the world has so many different checkpoints.

In recent months, a number of suggestions have been made regarding reforming --- or re-reforming --- our controls. Many of these make sense; indeed, we independently had arrived at similar conclusions and have implemented these ideas. Other suggestions deserve further study. Some, in our opinion, would serve no useful purpose, merely generating mountains of paperwork.

We have changed several small pieces of our control structure. At Radio Liberty, we conformed pre-broadcast procedures to what had long been the practice in all of RFE's services. We loosened the formal system of centralized program guidance --- which had engendered considerable bitterness --- in favor of a more informal procedure which would allow for broader, but no less responsible, coverage of a spectrum of views.

In a journalistic enterprise that produces 17,000 hours of original programming per year, there will always be at least some few examples of unfortunate programming. This is not unique to RFE/RL. For example: Poles, Italians, Jews, Slavs, and Arabs in America maintain that American newspapers and networks are unfair and insensitive. For another example: American journalists are attacked and sued for alleged errors about Lebanon, Vietnam, and a host of other topics.

When a few unfortunate programs are taken out of context, when they are politicized by interested axe-grinding players on many sides of many issues, these few broadcasts can be made to sound dreadful. When audited and quantified by accountants --- not by journalists or academics --- games with numbers can be played. (Imagine what would happen if Price Waterhouse were asked to do a quantitative editorial-accuracy audit of the Washington Post!)

My review convinces me that there is nothing systemic in our broadcasting that violates our guidelines --- regarding anti-Semitic, anti-Catholic, anti-Western, or extremist matters. Congressman Smith's recent report to the House, while critical in certain respects, confirms this view. We are surely prepared to discuss individual isolated broadcasts if that is the Committee's wish.

* * *

Why all the controversy? Why are the Radios always --- not just recently --- in the middle of tumult and turbulence?

There are practical, political, and philosophical reasons --- which, alas, I do not believe will vanish.

The practical reasons for public controversy frequently stems from a simple fact: it is easy to deal with internal feuds, with personnel difficulties, with alleged ideological tilting --- and very difficult to deal with the broad range of broadcasting substance. How, after all, can a reporter check 21 language services --- or even one --- if he can't get the signal, and likely doesn't even know the language?

Our management makes such wide-ranging surveys of broadcast material; we are convinced that our product remains fair, accurate, balanced --- and has improved its quality.

The political reasons are elemental, and ancient. We are dealing with a blood-soaked part of the world, with endemic inter-group hostilities of an order unfamiliar to most Americans. Our broadcasts go to a part of the world where Russians, Ukrainians, Jews, Poles, Slavs, Hungarians, Romanians, --- to name only a few --- have faced murder, starvation, genocide, personal repression, and political annihilation. Many of our broadcasters, and many emigres involved in these disputes, have typically come to age in unfree --- indeed, totalitarian --- countries. They have sharply divergent views about the history and possible future of that part of the world.

Living now in a free circumstance, yet with many of the feuds and differences unresolved, some of them talk in the hyperbolic language of their early surroundings. It is easy then to hear accusatory terms like "KGB," "Nazi," "anti-Semitic," "anti-Catholic," "communist," "fascist," "atheist," that quite properly grate upon our ears, and, quite understandably, cause journalistic and political interest. These are whip-words, guaranteed to get a headline.

These charges, when echoed back in America, are mistakenly transformed into arguments about "liberals" versus "conservatives" or "hardliners" versus "detentists."

The philosophical reasons for the swirl of controversy are perhaps most interesting. At root, they concern the nature of freedom.

Our charge from the Congress is to run a FREE journalistic enterprise --- a responsible one, a non-propagandistic one, an enterprise not inconsistent with U.S. foreign policy --- but a FREE surrogate home service whose very model offers non-free people a sense of what freedom is about.

Now, I do not happen to agree with Alexandr Solzhenitsyn's views about the nature of Western society. I write books directly antithetical to his notions. But a free journalistic enterprise does not keep Alexandr

Solzhenitsyn's views about democracy off the air. Could we do that, even if we wanted to, when his words are featured on page one in The New York Times and lead the news on the international service of the BBC? Could we do that when half the political figures in America spent much of the 1970s making a somewhat similar point --- that the Western democracies had lost their nerve? (That list would include Ronald Reagan.) It is a hallmark of a democratic society that it will air views hostile to it. Indeed, if we do not, we are properly castigated as being propagandistic because we only tell good news.

Nor can a free journalistic enterprise in good conscience say: we will not broadcast historical material --- certainly not to peoples whose totalitarian masters have attempted to rewrite and expunge that history in bizarre ways.

I have heard the suggestion made that we drop historical programming --- that's what gets us into trouble, it's said. James Michener was in the room at the time, and, along with other members of our Program Committee, he vetoed the idea. He was horrified at the thought. Michener knows, better than anyone, that an understanding of history can help us understand our current situation, and improve it.

As noted, history in that part of the world is harsh and extremely controversial. There are thugs, brutes, anti-Semites, anti-Catholics, communists, and fascists aplenty. But we must deal with history, just as an American journalistic enterprise would surely deal with the history of slavery, of Indian slaughter, of brutal wars. Such a free journalistic enterprise would deal with such ugly situations, while surely not endorsing them. That is about what we try to do on the Radios. We try to be sensitive, we try to be cautious; we try to be non-inflamatory. We also try to be comprehensive and accurate. It is a hard line to draw, but we believe we do it pretty well.

In short, free journalism is a tricky business. Government-funded free journalsim is trickier still. Free journalism performed in a political context of alien cultures can get even more convoluted.

Make no mistake about it: Members of this Committee will not like every program we put on the air. But neither you nor I like every program that is on the air in America. Free journalism will sometimes be contentious, negative, divisive. We may complain about it; that too is part of the system, and it leads to ongoing reform. But the answer is not censorship.

This Board is making every effort to reduce the number of violations of our guidelines (which, in any event, we believe to be few and far between). But this Committee should not believe that the measure of good broadcasting has very much to do with an infinitesimal increase or decrease in violations. Good broadcasting --- good journalism --- involves energy, excitement, research, high morale, intelligence, a lot of hard work, and freedom of inquiry.

We have tried to foster those qualities. The spectrum of views we present is responsible, but broad. We give our broadcasters liberty but not license, as is appropriate to an open journalistic enterprise. All this has --- and will --- engender controversy. That is the price of freedom.

The **Chairman**. Thank you very much.

Mr. **Shakespeare**. Mr. Michael Novak, who is one of the three members of the Program Committee. The Program Committee is chaired by Ben Wattenberg. Mr. Novak and Mr. Michener are the other members.

Gentlemen, Michael Novak.

STATEMENT OF HON. MICHAEL NOVAK, MEMBER, BOARD FOR INTERNATIONAL BROADCASTING

Mr. **Novak**. Mr. Chairman, although the Pell amendment was passed in 1982, it was not until January 1984 that the new nine-person Board for International Broadcasting prescribed by that amendment met for the first time. Seven of the nine members, including myself, are new. We have been together as a Board for precisely 14 months. It is a good time for a preliminary accounting of our stewardship.

Mr. Chairman, I am going to skip ahead in this prepared text to mention that we have inherited a situation something like this. When you are very good at something, as the Radios are—in the universe of international broadcasting, they are premier networks—there comes a tendency to look, therefore, at every little mistake in order to make the Radios perfect or whatever institution it is even more perfect.

Thus, one of the first things the new Board read was a report from the BIB itself of 1981. I will read you two or three sentences from that report from 1981, covering the last 3 months of 1980.

> Today, incredibly, Radio Liberty historical programs regularly discredit democracy and disseminate authoritarian ideas. Indeed, Radio Liberty seems to have become a mouthpiece for a small but energetic segment of the Russian emigration which opposes democracy. Today's Radio Liberty programs devoted to history seem to be aimed more at upholding the reactionary elements of the Russian past.

As evidence, this report of 1981 cited 26 policy violations from the last 3 months of 1980 alone, a period well before the Reagan administration, before the Pell amendment, and before this new Board took office. It described several broadcasts as: antidemocratic, seven citations; anti-Western, four citations; anti-Catholic, four; anti-Semitic, three; anti-Polish, two; and antinationalities, about a half a dozen. In short, 26 policy violations in all concerned with one set of programs on one service alone.

This calculation, of course, neglects all the good and brilliant programs put on in that time. And leaving aside all matters of subjective interpretation in such allegations—whether they are true or not—this Board knew it had inherited a problem.

Moreover, the Christianson report, commissioned by this committee of the Senate and conducted in December 1983, before this full Board had ever met together, gave warning that although significant improvements had been registered since 1981 there was still a potential. Mr. Christianson, interestingly enough, made no allegations about what had been done in those 2 years, but said there was now a potential for abuses.

These matters have been primary in the mind of the Board during the first 14 months of its existence. On no other matter have we spent more time. We recognized immediately after looking at the record that some 90 percent or more of allegations about faulty broadcasts in the past were always lodged against the same place—the historical and cultural programming of the Russian and Ukrainian Services of Radio Liberty. Thus, about 1.5 percent of the past programming had caused about 90 percent of past problems.

We took several steps and now I am going to abbreviate. We called a conference in June 1984, just 6 months after we had been in office, in which Adam Ulam, Peter Reddaway of the London School of Economics, Nicholas Riasanovski of the University of California, Berkeley, John Dunlop of Stanford, and Andrei Sinyavsky of Paris made marvelous presentations in which the editors and writers of the Radios took part.

We asked them the question how ought we conduct historical and cultural programming, the place of so much disputation, and what guidelines ought we to follow. Later, early in 1985, we had a report which we ourselves asked for about how well we had been doing since June in those very programs. The report was highly positive.

In addition, Congressman Larry Smith of the House International Operations Committee went to look into the charges mentioned by Senator Pell earlier because they had been mentioned in the press. And he made an oral report to the House on March 7, after his visit of February 11-13, 1985.

His three conclusions deserve reporting. They match the findings of our own Program Committee's work. First, there is no evidence of any systemic factor or any group of factors in the Radios which indicate anti-Semitic behavior, intentions, whatever. No systemic factor.

Second, he could find no evidence of personal intentions. He could not find any one person responsible.

Third, when he looked at each instance in turn, he could not assert that any one instance constituted evidence of anti-Semitism, but, rather, they were carelessly phrased and might be perceived as being anti-Semitic. And these are exactly what we members of the Board have found.

We conclude, therefore, that recent charges of anti-Semitism or antidemocracy and so forth against the Radios during our term of office are specious, empty, and devoid of merit. They deeply offend the honor of this Board, the extraordinarily talented and dedicated management of the Radios, and the 1,700 workers of RFE/RL who are furious about these charges.

Those who have made these charges do so without evidence. This in itself—making the most serious moral accusations that can be made in the 20th century and making them without evidence—is a serious moral fault which we abhor. Moreover, these particular charges do not record all the range of attacks we come under. The Soviet media accuse us not of being anti-Semitic but of being the voice of international Zionism.

Others allege that there have been anti-Russian broadcasts, others that there have been anti-Catholic or anti-Christian innuendos; others that the Radios are tilted far too much to the left, that some broadcasters who, while they have broken from the regimes of their homelands, allegedly air scripts still Marxist in their substance, Euro-Communist, let us say, or the accusations say, and portraying for their countries a more humane but still materialistic future which offends many others in those very nations.

All these allegations may be false. In fact, most are false. The point is these allegations come from every point on the compass, a much wider range than those that Senator Pell mentioned at the beginning of these hearings.

I mention next in the paper the tremendous diversity of people in the Radios, their different philosophical commitments. I want to stress how this diversity and this energy is a tremendous resource. The names of the Radios in whose honor they broadcast every day are Radio Free Europe and Radio Liberty. Thus it seems to me that all responsible points of view will be expressed on them and they must be various and passionate. Pluralism and open argument must be the rule. All points of view must be heard. No one sectarian or partisan orthodoxy can dominate.

Every night when the Radios sign off, they do so with the proud boast that they are independent radios—that is, true vehicles of spiritual liberty committed to objectivity and truth, according to democratic ideals, while broadcasting to regions which have nothing like them at all.

In this respect, we have carefully studied the recommendations of the GAO report of 1981 and the Christianson report and have taken steps to accomplish virtually all recommendations made. We have also begun to study the first draft, which we just received, of the new GAO report. We will make comments about some errors of fact which we think are in it and some other matters in due course.

In the end, though, managing radio stations is a human process, depending heavily upon the subtleties of a personal sense of duty on the part of each staff member. We think as a Board that one must approach the Radios as an artistic, creative enterprise and not approach them only from the point of view of counting up mistakes. This is all the more true when the artistic talents of creative persons are called upon daily.

The arts of writing and broadcasting are not merely mechanical. If prior censorship is imposed, imposed, by the way, on organs of communication in the free world, if prior censorship is imposed, the natural instinct of artists is to try to get as much past the censors as they can. If artists are held accountable for their own work, the natural tendency is to do it as faultlessly as possible.

The system of checks and balances necessary for dealing with creative persons is not identical to those that work within bureaucracies of other sorts. Radios are institutions of a special kind. The Board says this with appropriate respect for the special kind of institution entrusted to its care. We believe, in short, that particularly at certain crucial places, the historical and cultural programming, the Radios must continue to improve performance.

Like CBS, the Washington Post, the Wall Street Journal, or any other major institution of the media of the free world, the Radios cannot be expected never to err. Neither can they be expected to work under restraints inappropriate to the free media. But a complex and delicate scheme of checks and balances, clear lines of accountability, and regularized monitoring procedures are clearly necessary. On these matters, the Board has been working and will continue to work.

Finally, we believe that to speak as an accountant simply to enumerate the number of programs questioned during our 14 months, the record shows remarkable improvement between 1981 and 1984. Compare the BIB 1981 study mentioned above with the BAD numbers for 1984. It is a tremendous improvement even in questions raised.

But to speak from the point of view of creativity, morale, and intellectual excitement—and these, after all, are the proper measure of an artistic medium such as radio—there is a world of difference. Even the fears now expressed are fears of too much excitement, not of deadly blandness. Clearly the excitement must flow within the guidelines, but excitement is far from being of itself a bad thing in the media. It is what every radio worth its salt hopes for.

Mr. Chairman, I next mention the ideals of this Board and since time is escaping, though I hate to lose even any one precious word, I am going to skip those and come to the last paragraph.

Mr. Chairman, we think in 14 months we have made substantial progress in the direction of the six ideals that this Board holds forth and which are held forth in our mission mandate. Our audience research suggests the probability that under Mr. Buckley's inspired calm leadership our audience within the Soviet Union may have grown in relation to earlier findings by some 29 percent, perhaps from about 15 million to about 19 million listeners. Our listenership in Poland is at all-time highs. Virtually every one of our other 18 services is showing similar gains or, we think, is poised to do so.

In 14 months we believe we have accomplished much, but the task has only begun. We deeply thank the Congress, and especially this committee and especially Senator Pell, for its unparallelled support. We believe RFE/RL are the premier international broadcasting networks of the world, the very best in the whole word. This country, which supports them, and the suffering peoples to which they broadcast deserve no less.

Thank you, Mr. Chairman.

[Mr. Novak's prepared statement follows:]

Testimony of Michael Novak,

Member of the Board for International Broadcasting
(Program Committee) before the
Senate Foreign Relations Committee
March 29, 1985

Mr. Chairman: Although the Pell Amendment was passed in 1982, it was not until January, 1984, that the new nine-person Board for International Broadcasting prescribed by that Amendment met for the first time. Seven of the nine members (including myself) are new from that time. We have therefore been together as a Board for precisely fourteen months. It is a good time for a preliminary accounting of our stewardship.

One purpose of the new institutional design is to ensure bi-partisanship, since the Radios go on under all administrations and with bi-partisan support. Therefore, I am happy to report that all three members of the Program Committee are Democrats -- Ben Wattenberg (Chairman), James Michener, and myself. We have also established a tradition whereby the vice-chairman of the whole Board shall be of the party opposite to that of the chairman. Ben Wattenberg ordinarily fills that role today. The whole Board, Mr. Chairman, is a very strong and distinguished one; it is a privilege to serve on it.

When we took up our responsibilities, many of us read a report prepared for the earlier BIB in 1981. A portion of it read:

> -- Today, incredibly, Radio Liberty historical programs regularly discredit democracy and disseminate authoritarian ideas. Indeed, RL seems to have become a mouthpiece for a small but energetic segment of the Russian emigration which opposes democracy. Today's RL programs devoted to history seem to be aimed more at upholding the reactionary elements of the Russian past.

As evidence, this report cited twenty-six policy violations from the last three months of 1980 alone -- a period well before the Reagan Administration, before the Pell Amendment, and before this new Board took office. It described several broadcasts as

> ...anti-Democratic (7 citations), anti-Western (4 citations), anti-Catholic (4 citations), anti-Semitic (3 citations), anti-Polish (2), and anti-Nationalities (about a half dozen). [In short, 26 policy violations in all, concerned with one set of programs on one service alone.]

Leaving aside all matters of subjective interpretation in such allegations, this Board knew it had inherited a problem. Moreover, the Christianson Report, commissioned by this committee of the Senate and conducted in December, 1983, before this full Board had ever met together, gave warning that, although significant improvements had been registered since 1981, there was still the "potential" for violations in the future. These matters have been primary in the mind of the Board during the first fourteen months of its existence. On no other matter have we spent more time.

After preliminary study, we recognized immediately that some ninety percent or more of allegations about faulty broadcasts were always lodged against the same place -- the historical and cultural programming of the Russian and the Ukrainian Services of Radio Liberty. Thus, about 1.5 percent of past programming had caused about ninety percent of past problems.

Thus, one of our first acts as a Board was to call for a major conference of Russian scholars to lay down some guidelines concerning cultural and historical programming. Should we continue it at all? If so, how? As we understood it, official Marxist orthodoxy has for some time been losing its grip upon the lively intellects of the USSR and Central Europe. Many questing and alert persons have begun searching for a useable past and an alternative future, outside Marxist categories.

To help us understand these new intellectual currents, the Board requested last year that Radio Liberty convene a conference of major Western specialists on the religious, cultural, and ethnic controversies within Russia. The conference was duly held last June in Munich, and some splendid presentations were given, with vigorous discussion among those in attendance, including several dozen writers and editors at the Radios. Among the scholars who led the discussion were Adam Ulam of Harvard, Peter Reddaway of the London School of Economics, Nicholas Riasanovski of the University of

California, Berkeley, John Dunlop of Stanford, and Andrei Sinyavsky.

During the summer, the Board also asked James Billington, Director of the Wilson Center, and Max Kampelman to look into the charges of alleged anti-Semitism and alleged anti-democratic passages. Although Mr. Kampelman had recently lectured at the Radios, he was unable to travel to Munich himself. Mr. Billington, in consultation with Kampelman, travelled to Munich for nearly a week in early December 1984, and reported to the Board at its mid-December meeting.

Meanwhile, the Washington staff of the BIB kept the Board informed of every potential violation of the guidelines before any allegations surfaced from any other source; they have never once allowed us to be surprised. Their work has been admirable, and we are grateful to them.

Every such case was acted upon by the Program Committee of the Board, typically through telephone calls to President Buckley, requesting in-house evaluations, explanations, and changes in procedures. (All of us are busy people; the telephone is faster than the mails. Regrettably, we often did not leave a "paper trail." Yet some idea of the thoroughness of our work may be gleaned from the letter by Mr. Shakespeare to Senator Charles H. Percy, then the chairman of this Committee, on May 3, 1984, together with the long report prepared by the Program Committee on several of these allegations. With your permission, I submit these for the record.)

Mr. Chairman, I say in no uncertain terms: No violation of the guidelines -- no anti-Semitism, no anti-Catholic innuendos, no anti-democratic sentiments, or any sins of that sort -- have been or will be tolerated by this Board or by its current or future management. Any person, or group of persons, knowingly and willfully guilty of any such offense will be subjected to the severest penalties.

Recently, two reports by outside evaluators have examined our policies in this respect. A study commissioned by BIB on the record of Radio Liberty in meeting the guidelines articulated by the June, 1984, Munich conference was completed on March 5, 1985. It was strikingly positive. A visit by Congressman Larry Smith to Munich in February 11-13, 1985, resulted in a report (March 8, 1985) filed with Congressman Dan Mica's House Sub-committee on International Operations. That report, outlined orally in Congressman Smith's remarks at the hearings of that sub-committee on March 7, criticized us on several counts. But on the matter of anti-Semitism, it made three crucial points:

> First, his investigation found no evidence of any small group, conspiracy, or systemic factor which might lie behind these alleged offenses.
>
> Second, he could find no evidence even of personal intentions of that evil sort.
>
> Third, he emphasized several times that he could not allege that the cited instances constituted evidence of anti-Semitism, but rather that they might be perceived to

do so by some in the audience to which they were directed, the Russian intelligentsia.

These are also the conclusions reached by the investigations of our Program Committee.

Mr. Chairman, we conclude that recent charges of anti-Semitism against the Radios during our term of office are specious, empty, and devoid of merit. They deeply offend the honor of this Board, the extraordinarily talented and dedicated management of the Radios, and the 1700 workers of RFE/RL. They do so without evidence. This in itself -- making the most serious moral accusations that can be made in the twentieth century, and making them without evidence -- is a serious moral fault. We abhor it.

Moreover, we note many things these widely published allegations do not record. Constantly, Soviet media attack Radio Liberty, not for being anti-Semitic, but for being the voice of international Zionism. Moreover, there continue to come to our attention allegations that some broadcasts of some services have been anti-Russian (in an ethnic, cultural sense), that there have been anti-Catholic or anti-Christian innuendos by broadcasters who affect the pose of being non-believers, and that there remain in the Radios some broadcasters who, while they have broken with the regimes of their homelands, allegedly air scripts still Marxist in their substance and portraying for their countries a more humane, but still materialistic future. All these allegations may be false; the point is, they come from every direction on the compass.

Actually, in spiritual values, in ethnic loyalties and memories, in historical allegiances, in remembered wrongs, and in historical conflicts, RFE/RL fairly teems with variety. It would be wrong to think that all 1700 broadcasters and workers of RFE/RL agree about spiritual values, fundamental philosophies, or interpretations of events. The Radios are truly pluralistic, in a way, at a depth, and with strong passions that most Americans would find unusual.

Managing all this variety, and keeping its boiling energies within the guidelines, is both a herculean challenge and a precious opportunity. One thing the Radios are not is *boring*. Many staff members so thoroughly disagree with one another that they take their disagreements to the press, send around the world unsolicited (sometimes anonymous) memos, and express their grievances to all who will hear. Staff members not infrequently sue one another. What one cannot say is that the dedicated workers at RFE/RL do not *care* about ideas, words, interpretations. They care passionately. They watch one another like hawks, pouncing upon one another's words. This is itself a powerful form of internally generated self-censorship.

All this energy is a great resource. In the view of the Board, what matters is that the Radios earn the honor of their names every day: Radio *Free* Europe, Radio *Liberty*. *All* responsible points of view must be expressed. *Pluralism* and open argument must be the rule. *No one sectarian or partisan orthodoxy* -- whether of right, left, or center -- can dominate. The guidelines of the Radios are wise and necessary. The Pell

Amendment itself sought to enhance the independence, creativity, objectivity, civility and reasoned diversity implied in the names of the Radios and thus to make them adhere closer to the Mission guidelines than had been possible in the former set-up. Every night when the Radios sign off, they do so with the proud boast that they are independent Radios -- that is, true vehicles of spiritual liberty, committed to objectivity and truth, according to democratic ideals, while broadcasting to regions which do not have their like.

In this respect, we have carefully studied the recommendations of the GAO report of 1981 and the Christianson report, and have taken steps to accomplish virtually all of them. We have also begun to study the first draft -- which contains several errors of fact -- of the new GAO report. Three key suggestions deserve some mention.

First, from several sources we have the recommendation that there ought to be a vice-president (or some other central focal point) in charge of program content, to monitor compliance with the guidelines. Mr. Buckley has preferred to bear this responsibility himself. He has experimented with -- and is still seeking -- the best means for doing so. A new president may prefer to have a special person deputed to do so.

Second, the Board agrees that the Broadcast Analysis Division needs more personnel, both to prepare daily program summaries for each service and in order to ensure the compliance of each with the guidelines.

Third, the Board reaffirms the importance of the BIB staff in its watchdog role. For morale's sake, it has asked the BIB staff both to send back to Munich praise for scripts unusually well done and, with the help of its many sources, to flag scripts which even seem to violate the guidelines.

In summary, the Board believes that much more can be done administratively to regularize the process of listing all questions raised about broadcasts and of replying to them in a way that leaves a clear "paper trail" concerning actions taken on each of them.

In the end, though, managing radio stations is a human process, depending heavily upon the subtleties of a personal sense of duty on the part of each staff member. This is all the more true when the artistic talents of creative persons are called upon daily. The arts of writing and broadcasting are not merely mechanical. If prior censorship is imposed, the natural instinct of artists is to try to get as much past the censors as they can. If artists are held accountable for their own work, the natural tendency is to do it as faultlessly as possible. The system of checks and balances necessary for dealing with creative persons is not identical to those that work within bureaucracies of other sorts. Radios are institutions of a special kind. The Board says this, not as a form of special pleading, but with appropriate respect for the special kind of institution entrusted to its care.

We believe, in short, that -- particularly at certain crucial places (the historical and cultural programming, e.g.)

-- the Radios must continue to improve performance. Like CBS, the Washington Post, The Wall Street Journal or any other major institution of the media of the free world, the Radios cannot be expected never to err. Neither can they be expected to work under restraints inappropriate to the free media. But a complex and delicate scheme of checks and balances, clear lines of accountability, and regularized monitoring procedures are clearly necessary. On these matters, the Board has been working and will continue to work.

This Board is pledged to fulfill the high purposes of the Pell Amendment. We do so in a strictly bi-partisan way. We want members of Congress and government, scholars and intellectuals, journalists, and the public as a whole to visit Munich and observe these extraordinary institutions as often as possible. We want them to be open, accessible, free, pluralistic institutions. Like everything human, they are not without flaw. But their flaws are in the open and public -- not only in the sense that what most matters is what goes out to the public on public airways, but also in the sense that this Board intends to guide them in an open way.

To speak as an accountant, and simply to enumerate the number of programs questioned, the record shows remarkable improvement between 1981 and 1984 (compare the BIB 1981 study with BAD numbers from 1984). But to speak from the point of view of creativity, morale, and intellectual excitement -- and these, after all, are the proper measure of an artistic medium such as radio -- there is a world of difference. Even the fears now expressed are fears of too much excitement, not of deadly blandness. Clearly the excitement must flow within the guidelines. It is far from being, of itself, a bad thing. It is what every radio worth its salt hopes for.

I conclude, Mr. Chairman, with a statement of the ideals of this Board.

(1) We hold that RFE/RL are free, independent radios, obliged to follow to the letter the wise but liberating guidelines imposed on them both by law and by commonsense humane values.

(2) We hold that RFE/RL must represent a broad spectrum of opinion -- broader, not narrower, than the spectrum we found when we assumed our collective responsibility fourteen months ago.

(3) We hold that RFE/RL must nourish, in American terms, a bi-partisan sense of U.S. policy, voicing the full range of responsible public advocacy and respectful disagreement, covering setbacks as well as achievements fairly.

(4) We hold that, for those who have left their homelands to work for RFE/RL, the Radios must offer a free and creative environment in which to work, being its own school of democratic pluralism and civil discourse, an institutional expression of the values for which these admirable men and women have left their homelands.

(5) We hold that the news department of the Radios -- their very spine, so to speak -- must be accurate, objective,

reliable beyond question, and full and pluralistic in its purview.

(6) We hold that all the programs of RFE/RL should be as responsible, pluralistic, civil, restrained, and intellectually alive as human wit can make them -- becoming the most exciting broadcasts on the international airwaves.

Mr. Chairman, we think that in fourteen months we have made substantial progress in these directions. Our audience research suggests the probability that, under Mr. Buckley's inspired, calm leadership, our audience within the Soviet Union may have grown, in relation to earlier findings, by some twenty-nine percent (perhaps from about 15 million to about 19 million listeners). Our listenership in Poland is at all-time highs. Virtually every one of our other eighteen services are showing similar gains or, we think, are poised to do so.

In fourteen months, we believe we have accomplished much. But the task has only just begun. We deeply thank the Congress, and especially this Committee (especially Senator Pell), for its unparallelled support. We believe RFE/RL are the premier broadcasting networks of the world. This country, which supports them, and the suffering peoples to whom they broadcast deserve no less.

The CHAIRMAN. Thank you very much, Mr. Novak.
Senator Buckley.

STATEMENT OF HON. JAMES L. BUCKLEY, PRESIDENT, RADIO FREE EUROPE/RADIO LIBERTY, INC.

Senator BUCKLEY. Thank you, Mr. Chairman. I will submit my prepared statement for the record and I would like to excerpt parts of it, and some parts of it in extenso.

Thanks to the 1984-85 funding increase provided by the Congress, we have made a good start toward restoring capabilities lost during 12 years of severe attrition that saw our total strength decline from 2,800 people to less than 1,700. We have also begun long overdue modernization of the studios and are beginning to enter into the computerized age and all that implies for both high speed and quality journalism.

It will take time as well as significant additional resources to fully implement our plans. But this I can assure you, Mr. Chairman. While organizational changes will always encounter unforeseen difficulties, there is nothing in our current operation to justify the vicious attacks on the Radios, particularly Radio Liberty, that have been made in recent articles.

The thrust of these charges is that since the new management took over in late 1982 policy controls over Radio Liberty have been abandoned and its Russian Service taken over by a band of zealots who are threatening to destroy the Radio's credibility.

Mr. Chairman, I urge you not to let these attacks divert you from a balanced and dispassionate assessment of our performance. The way to judge how our Soviet listeners perceive us is to focus on what it is we actually broadcast day in and day out, and on the numerous evaluations of our performance by outside experts who have examined many hours of representative programming.

Most particularly, I suggest that the committee pay special attention to the testimony of thousands of listeners as reported in our Soviet area audience and opinion research analyses. It is ironic that while some newspapers have charged us with an anti-Semitic tilt, TASS and Pravda increasingly accuse Radio Liberty of being an instrument of world Zionism.

Mr. Chairman, I submit that anyone who will compare a representative sampling of today's programs against what was broadcast to the Soviet Union 3 years ago will see a significant increase in attention to democratic and human values, to spiritual themes, and to items of particular interest to Jewish listeners. Moreover, he will find an increase in the quality and relevance of our programs that no doubt accounts for the significant increase in Soviet listenership mentioned by Mr. Novak.

In saying all this I do not suggest we are infallible. Of course we make mistakes, although they are not so frequent nor nearly so damaging as some would suggest. During the 12 months of 1984, our Broadcast Analysis Division—which I have instructed to blow too many whistles rather than too few—has reported 30 potential policy violations and 48 cases of programs considered questionable on other grounds out of the more than 92,000 scripts and live programs, other than newscasts, which RFE and RL broadcast during 1984.

Even assuming every question raised by BAD was in fact valid, which is very far from the case, this would represent about 1 error out of every 1,200 scripts and live programs aired. I wonder whether any journalistic enterprise of equivalent complexity in the United States today could claim half so good a record.

I would also add that this record is significantly better than the performance reflected in a report on the Russian Service issued by the BIB the year before the current management took office and to which Mr. Novak referred. In the 12 months of 1984 BAD raised questions about 32 Russian programs, only 4 of which involved potential policy violations. This contrasts with the 26 violations cited by Mr. Novak in just a 3-month period—a rate of improvement of several times.

In an ideal world, we would make no errors; and we can no doubt do better than we have, although in significant degree this will require the additional personnel RFE/RL management hopes will be approved for fiscal year 1986 and especially for fiscal year 1987. I have asked BAD to go beyond its traditional role and to play an active part in the periodic program evaluations and reviews that we have initiated for RFE and RL.

Our plans also call for significant expansion of the ability of our audience research and opinion analysis groups to evaluate audience reactions to our programs.

Of course, both the Broadcast Analysis Division and the audience research are concerned with programs that have already been broadcast, but that does not mean that RFE and RL has no prebroadcast controls in place. In common with every other responsible journalistic enterprise, standing instructions require that all scripts be reviewed by senior editors before they are broadcast in order to ensure not only quality control but compliance with basic policy. But because so many of the desks are short-handed, there have admittedly been some lapses in this practice, which again emphasizes the need for additional personnel.

We have also greatly expanded the use of outside experts to assess our performance and to suggest ways in which we can improve it. And given the problems inherent in dealing with Russian nationalism, last summer we invited the four distinguished scholars to participate in a conference on this subject, again as cited by Mr. Novak. These gentlemen, after examining many of our historical scripts and working closely and discussing problems with staff, concluded that Radio Liberty's historical programming "is, in general, factual, reliable, and interesting."

They did say, however, that "more effort should be made to take into account the most up-to-date scholarship" and recommended that we broaden the coverage. Professor Leon Lipson of Yale University did a review of the Russian historical programs for the BIB and expressed similar concerns.

Accordingly, we have responded to these recommendations by initiating changes to broaden the scope of our history programs, and a recent review of subsequent broadcasts by our BAD confirms that the recommendations are being implemented. This, Mr. Chairman, reflects, in my judgment, responsible management of a journalistic enterprise.

To complete my account of how we are going about improving our capability to develop long-term policy, programming and monitoring of performance, I have recently instituted a President's Council for Policy and Programming in which the directors, deputy directors, and directors of research of both Radios are the key participants. Its objective is to think in longer terms, develop policy guidelines on topics that will be in hand for an extended period, and to discuss new program initiatives.

At the same time, I am studying alternative proposals for a new position or mechanism which will be charged with program policy coordination and review in order to improve the integration of the information and recommendations we derive from our program evaluations, BAD recommendations, and audience research findings.

It is one thing, of course, to draw up plans for improving the quality of our work, and something quite else to be able to recruit and train the individuals required to carry them out and to put them in place and also to install the computers, monitors, and other more powerful transmitters that will be required to carry our broadcasts to their intended audiences.

We have made a good start in this direction, but we will remain well short of the mark until we can complete the program we had hoped would be approved for fiscal year 1986 and which we now submit for your consideration for fiscal year 1987.

In making this submission, Mr. Chairman, I admit to stepping out of rank. I am stepping outside of normal channels by acting in my personal capacity as the president of a private corporation, yet I know of no other responsible course. What I urge is that your committee consider, in addition to the specific requests for fiscal year 1986, authorizing the requested levels for fiscal year 1987 if on examination you deem them appropriate to our mission.

This would leave it to the Appropriations Committees in 1986 to consider the authorizations in the light of larger budgetary considerations facing the U.S. Government as a whole. I make this unusual suggestion because your committee is now engaged in making a 2-year authorization rather than a 1-year, as was the case in the past.

Our fiscal year 1987 request is essentially the same request I had earlier submitted for 1986 to the Board and which the Board had approved, but which had been postponed as a result of the critical budgetary process in which we are engaged. Among other things, it would put us on the way to 7-day-per-week quality programming versus relying on canned programs on weekends. It would broaden BAD's capacity to do its job. It would hook in the remaining 90 percent of our desks to our computer system. It would provide the complement of engineers that is required to work with the new transmitters we are seeking authorization to install, and it would give us a stand-by authority to pay our way, our share of the cost of major new Middle East and Far East transmitting sites now being negotiated in conjunction with VOA.

But even if the Committee is unwilling to expand the permanent sizes of our language desks, I would call your attention to a crying and urgent need for us to have the authority to do major recruiting and training in the very near future. Fully half of our senior programmers and editors are due to retire by the year 1990. We need lead time within which to find and train the kind of expertise which will continue service which has earned respect abroad as well as here for the quality of its work.

Finally, I would mention one further item, Mr. Chairman, and that is that our request for 1987 would enable us to institute a small, modest 7-day-a-week Afghanistan service. You are all familiar with the need for us to be able to provide the people of Afghanistan with the same kind of service that we provide the people in Eastern Europe and in the Soviet Union.

We are able, however, without any addition to existing resources, to establish a symbolic 15-minute broadcast to Afghanistan twice a week because we have the language capability in house and we have broadcasts already reaching into that area. I hope we will be encouraged in that endeavor.

I thank you, Mr. Chairman.

[Mr. Buckley's prepared statement follows:]

TESTIMONY OF JAMES L. BUCKLEY
BEFORE SENATE FOREIGN RELATIONS COMMITTEE
March 29, 1985

Thanks to increased funding approved by Congress for Fiscal Years '84 and '85, Radio Free Europe and Radio Liberty have made significant progress in regaining capabilities lost through more than a decade of budgetary attrition.

Because of current budget stringencies, however, our FY '86 request will leave us significantly short of the personnel and equipment we will need to overcome jamming and achieve the staffing levels required to carry out our mission in a thoroughly professional manner. Nevertheless, the FY '86 budget request does enable us to consolidate the gains made to date, and to initiate the transmitter modernization program required at our existing sites.

I should add that during most of this period, in which we have broadened the scope of our programs, made organizational changes and tested new procedures, we have been handicapped by the absence of deputies for the Directors of Radio Free Europe and Radio Liberty. These two positions are of critical importance to the proper implementation of new program policies and the smooth running of exceptionally complex operations. I am happy to report that we have had an excellent Deputy Director for Radio Liberty in place since last fall, and a Deputy Director for Radio Free Europe will be reporting for work next week. Both men have demonstrated an ability to manage multi-lingual operations.

Mr. Vaslef will be fully competent to serve as Acting Director while we week a successor for Mr. George Bailey who, having reached 65 last November, is retiring as Director of Radio Liberty the end of this month.

Yet even with two excellent Deputy Directors in place, it will still take time, as well as additional resources, to recruit and train personnel for new positions, iron out unforeseen difficulties, and implement new approaches which we believe will continue to improve the quality and effectiveness of our work.

While organizational changes are apt to encounter unforeseen difficulties, there is nothing in our current operations to justify the vicious attacks on the Radios - particularly Radio Liberty - that have been made in certain recent articles.

The thrust of these charges is that since the new management took over in late 1982, policy controls over Radio Liberty have been abandoned and its Russian Service taken over by a band of zealots who are threatening to destroy the Radios' credibility.

Mr. Chairman, I urge you not to let these attacks divert you from a balanced and dispassionate assessment of our performance. The way to judge how our Soviet listeners perceive us is to focus on what it is we broadcast day in and day out, and on the evaluations of our performance by outside experts who have examined many hours of representative programming. Most particularly, I suggest that the Committee pay special attention to the testimony of thousands of listeners as reported in our Soviet Area Audience and Opinion Research analyses.

It is ironic that while some newspapers have charged us with an anti-Semitic tilt, our Audience Research interviewers have never heard such a charge although they often hear complaints that we devote an excessive amount of our time to subjects of exclusive interest to Jews. These no doubt reflect the increasingly frequent stories in Tass and Pravda accusing Radio Liberty of being an instrument of world Zionism.

Mr. Chairman, to sum up, no pattern of bias or hostility to democracy or Western values has crept into our programming under the current management. To the contrary, I submit that anyone who will compare a representative sampling of today's programs against what was broadcast to the Soviet Union three years ago will see an increase in attention to democratic and human values, to spiritual themes, and to items of particular interest to Jewish listeners. Moreover, he will find an increase in the quality and relevance of our programs that no doubt accounts for the 25% increase in our Soviet listenership since 1982.

In saying all this, I do not suggest we are infallible. Of course we make mistakes, although I submit they are neither so frequent nor nearly so damaging as some would suggest. Over the past year, our Broadcast Analysis Division (which I have instructed to blow too many whistles rather than too few) has reported 30 potential policy violations and 48 cases of programs considered questionable on other grounds, out of the more than 92,000 scripts and live programs (other than newscasts) which RFE and RL broadcast during 1984. Even assuming every question raised by BAD was in fact valid (which is far from the case), this would represent about one error out of every 1200 scripts and live programs aired. I wonder whether any journalistic enterprise of equivalent complexity in the United States today could claim half so good a record.

I would also add that this record is significantly better than the performance reflected in a report on the Russian Service issued by the BIB the year before the current management took office. BAD raised questions about 32 Russian programs in all of 1984, only a few of which involved potential policy violations. This is an average of less than three questionable broadcasts per month. The 1981 BIB report, which dealt primarily with three months of Russian Service programming,cited over 20 "acute policy lapses" for an average of more than six per month. In short, the record hardly supports the charge that conforming Radio Liberty's pre-broadcast controls to those long existing at Radio Free Europe has released an epidemic of policy violations.

In an ideal world, we would make no errors; and we can no doubt do better than we have, although in significant degree this will require the additional personnel RFE/RL management hopes will be approved for FY '86 and '87.

While we have improved our procedures in a number of areas, there are limits to what additional measures can be put into effect by editors who are often bone tired, especially when their ranks are thinned by sickness or vacations. Nor can we make optimum use of our Broadcast Analysis Division's potential without a significant increase in its staff.

As it is, I have asked BAD to go beyond its traditional role and to play an active part in the periodic program evaluations and reviews that we have initiated for RFE and RL. Our plans also call for a significant expansion of the ability of RFE/RL's Audience Research and Opinion Analysis groups to evaluate audience reactions to our programs.

Of course, both the Broadcast Analysis Division and the Audience and Opinion Research are concerned with programs that have been broadcast, but that does not mean that RFE/RL has no pre-broadcast controls. In common with every other responsible journalistic enterprise, standing instructions require that all scripts be reviewed by senior editors before they are broadcast to ensure not only quality control but compliance with basic policy. Becuase so many of the desks are short-handed, however, there have admittedly been some lapses in this practice.

We have also expanded the use of outside experts to assess our performance and to suggest ways in which we can improve it. At my request, BAD has commissioned independent evaluations to supplement those provided through the BIB. This will ensure independent assessments of all broadcast services on a regular basis. And given the problems inherent in dealing with Russian nationalism, last summer we invived four distinguished scholars to participate in a conference on the subject. After having read a number of scripts and conducted extensive discussions with staff, Adam Ulam of Harvard, Nicholas Riasanovsky of the University of California/Berkeley, John Dunlop of Stanford, and Peter Reddaway of the London School of Economics concluded that Radio Liberty's historical programming "is, in general, factual, reliable and interesting." They did say, however, that "more effort should be made to take into account the most up-to-date scholarship" and recommended that we broaden the coverage. Leon Lipson, a Yale University professor who did a review of the Russian historical programs for the BIB, expressed similar concerns.

We have responded to these recommendations by intiating changes to broaden the scope of the history programs, and a recent review of subsequent broadcasts by the Broadcast Analysis Division confirms that the recommendations are being implemented.

To complete my account of how we are going about improving our capability to develop long-term policy, plan programming, and monitor performance, I have recently instituted a President's Council for Policy and Programming in which the Directors, Deputy Directors, and Directors of Research of both Radios are the key participants. Its objective is to think in longer terms, develop policy guidelines on topics that will be in hand for an extended period, and discuss new program initiatives. At the same time, I am studying alternative proposals for a new position or mechanism which will be charged with program policy coordination and review in order to improve the integration of the information and recommendations we derive from our program evaluations, BAD recommendations, and Audience Research reports while tracking the manner in which the various desks respond.

It is one thing, of course, to draw up plans for improving the quality of our work and something quite else to be able to recruit and train the individuals required to carry them out and to put in place the computers, monitors, and more powerful transmitters that will be required to carry our broadcasts to their intended audiences. We have made a good start in this direction, but we will remain well short of the mark until we can complete the program we had hoped would be approved for Fiscal Year 1986 and which we now submit for your consideration for FY '87.

In making this presentation I recognize that I am stepping outside normal channels by acting as the President of a private corporation. Yet I know of no other responsible course. What I urge is that you consider authorizing the requested levels for FY '87 if, on examination, you deem them appropriate to our mission. This would leave it to the Appropriations Committee, in 1986, to consider the authorizations in the light of the larger budgetary considerations facing the U.S. Government as a whole.

RADIO FREE EUROPE/RADIO LIBERTY, INC., FISCAL YEAR 1987 BUDGET REQUEST

Effects of OMB "Mark" on RFE/RL Budget Prospects for FY 1986

When work began on the FY 1986 budget in early 1984, the heads of the language services were asked to think over what they would really need in the way of manpower and support costs to bring their programming output up to optimum levels. Keeping in mind the limitations of frequency hours available to all broadcasters, they indicated the number of new positions required and how the extra strength would enable them to increase their original programming to the desired levels. A total of 109 new positions were requested. However, the OMB Mark of $113,516,000 (as opposed to RFE/RL's original request of $139,904,000) meant that practically all of these new positions could not be funded in FY 1986 as hoped for. Summarized in the following table by language service are the number of new positions, the number of daily hours original programming could have been increased if the necessary funds had been made available, and the percentage increase:

Service	New Positions Requested	Increase in Original Daily Broadcast Hours From	To	Percentage Increase
Russian	26	6.24	8.33	33.5
Polish	15	6.91	7.80	12.9
Czechoslovak	7	7.97	8.32	4.4
Hungarian	7	9.62	9.95	3.4
Romanian	8	6.43	7.39	14.9
Ukrainian	17	1.91	3.91	204.7
Bulgarian	3	4.43	4.61	4.1
Azeri	2	0.72	1.07	48.6
Uzbek	2	0.79	1.17	48.1
Tatar-Bashkir	2	0.68	0.82	20.6
Armenian	2	0.92	1.14	23.9
Georgian	2	0.85	1.12	31.8
Baltic States	7	2.23	3.00	34.5
Belorussian	1	0.90	1.10	22.2
Kazak	2	0.77	1.05	36.4
Tajik	3	0.54	0.68	25.9
Kirghiz	2	0.48	0.63	31.3
Turkmen	1	0.48	0.62	29.2

The above positions are included in the 291 new positions requested in FY 1987. See Tab A for RFE and Tab B for RL.

RFE/RL, INC.
COMPUTER DEVELOPMENT
(What we won't be able to do)

A projected freeze on capital investment for RFE/RL computer modernization will halt development at a 10 percent completion level which will severely handicap the Radios' broadcast operations.

With funds available through fiscal year 1984, emphasis has been on constructing what we call "Sendernet". Newswire, a sub-section of Sendernet, is an on-line computer system which is designed to help our broadcasts get ahead of communist competition and stay there! RFE/RL has completed the main frames, has set up communications lines between the main RFE facilities (Munich, Washington, New York) and has completed the software which enables news and features to be composed, edited, translated and checked for accuracy--even across the Atlantic--virtually instantaneously.

But without the planned FY 1985 investment in computers, we will be barred from extending Sendernet to the "front lines" of our operation:

-- 450 users in the research areas and broadcasting desks, including key Soviet nationalities services such as Ukrainian and Belorussian will not be able to take advantage of Sendernet

-- The Samizdat (the dissenters' newsletter channel) archive will not be put on line for broadcasters use

-- The Broadcast Analysis staff which helps the RFE/RL President and the BIB monitor quality control, will not have access to Sendernet

-- Researchers and archivists who provide vital background material to broadcasts will not have access to terminals

-- Necessary acquisition of mainframes and terminals to handle the large numbers of new users will not be possible

-- Key news bureaus in Paris, London, Rome and Hong Kong will not be able to contribute to Sendernet rapidly and effectively.

In Addition, installation of a plan to fully computerize and streamline administrative procedures throughout the Radio will not be possible.

In support of the new personnel and programming expansion, RFED and RLD requested 21 and 13 new positions, respectively, for their research departments. On the RFE side the proposed staff additions would strengthen the infrastructure of the eight research sections; increase senior research analysts for such key issue areas as East-West Affairs, Soviet-East European Affairs and facilitate coverage of East European samizdat publications. RFE, for example, still has been unable to afford hiring an expert on Chinese Afffairs. The approval of the additional funds would have corrected this deficiency. See Tab A-10.

RLD, in support of its planned programming increases requested 13 new positions. Lacking in RL Research, for example, are expert analysts on Sino-Soviet Affairs, Soviet Military Affairs and arms control issues and on Soviet legal matters. Twelve of the new positions were planned for the Program Support section which works closely with the Chief Editors of RL broadcast desks in order to determine their needs and seeks to develop new, individualized ways of dealing with broadcast services. See Tab B-17.

Also included in the FY 1986 request were the following three important new undertakings in broadcasting and news support:

1. Creation of an Albanian Service manned by 14 positions which would carry two daily transmissions of 30 minutes each. The broadcasts would stress the importance of Albanian national independence, the danger of Soviet expansionism with special reference to the Mediterranean area. Friendship between the U.S. and the nations of Western Europe on the one hand and the people of Albania would also be emphasized. Our military/political purpose is to keep Soviet naval and air power out of Albanian territory and thus prevent adding to Soviet naval power in the Mediterranean. See Tab A-11.

2. Creation of an Afghan Service with a staff of eight to broadcast a fifteen-minute program daily (plus 3-4 repeats of original programming). With a view to a long-term projection of both the Soviet occupation and guerrilla warfare in Afghanistan, it is proposed that Radio Liberty establish an Afghan Service to broadcast in Dari, Pashtu, and Russian. The latter would reach Soviet personnel in Afghanistan and the former represent the two major languages of the country. See Tab B-20.

3. Establishment of a Stockholm News Bureau with two positions. The re-opening of a news bureau in Stockholm is highly supported by programmers of both RFE and RL (this bureau used to exist but was closed down due to lack of funds). Although wire services cover major Scandinavian news developments, having a bureau in Stockholm would enable CND to gather secondary news stories of specific interest to RFE/RL audiences. See Tab C-26.

The remaining positions requested with the FY 1985 Supplemental and FY 1986 budget submission were mainly in the support area. Detailed justification is contained in the Tab reference indicated in the following breakdown 124 positions.

		Reference
Engineering	54	Tab E
Administration	35	Tab D
Munich Central News	2	Tab C-26
Washington News Bureau	6	Tab C-27
Broadcast Analysis	7	Tab C-21/22
EEAOR	3	Tab C-23/24
SAAOR	1	Tab C-25
RL Washington Operation	2	Tab B-14
RL Director's Office	2	Tab B-19
Nationalities Management	5	Tab B-16
Samizdat	3	Tab B-18
Washington Office	3	Tab D-39
New York Programming Center	1	Tab C-28

RFE/RL, INC.
Budget Requirements
FY 1986 - FY 1988

(000 omitted)

	FY 1986	FY 1987	FY 1988
FY 1986 Base Operating Budget	$108,480		
1. 34 New Positions - FY 1986	1,638		
2. Completion of RFE and RL Consolidation			
a. Company Housing Agreement	555		
b. Pension Equalization	757		
3. Double-slotting for replacement of retirees	375		
4. Editorial Training & Professional Development	250		
5. Computer Hardware/Software	1,000		
6. Payment to German Labor Office	276		
7. Additional Munich Office Space	185		
Current Services Budget	$113,516	124,148*	136,901*

	REF. TAB	FY 1986	FY 1987	FY 1988
Current Services Budget		$113,516	124,148*	136,901*
1. 291 New Positions-FY87		-	18,470	13,164
94 New Positions-FY88			-	5,301
2. Personnel Savings - Establishment of Maxoqueira as an Emergency Program Relay Operation		-	-	- 505
3. Completion of RFE and RL Consolidation				
a. Salary Scale Consolidation	D35	-	1,392	1,469
4. Performance Related Compensation Plan	D36		1,228	1,296
5. Editorial Training & Professional Development	D36	-	250	264
6. Internship Program	D36	-	139	147
7. Microfilming Program	D36	-	175	158
8. German Pension Plan Annuity Purchases	D37	-	850	-
9. Additional Office Space Munich New Hires	D37	-	1,200	1,266
10. D.C. Office Expansion	D39	-	729	769
11. Early Retirement Program	D37	-	2,938	3,100
12. Munich Building Refurbishing	D37	-	835	-
13. Technical Study-Holzkirchen	E42	-	225	-
14. Publications Program	D38	-	57	60
15. Representation Increase	D37	-	10	10
16. Soviet Nationalities Interviews	C25	-	200	211
Operating Costs		$113,516	152,846	163,611
Technical Modernization - FY 1986		39,800	33,300	4,150
One-Time Capital Request (Sch. I)		-	300,187	-
Total at DM 2.72		$153,316	486,333	167,761
Foreign Currency Adjustment (DM3.08)		- 12,288	- 17,662	-17,350
Authorization Requirement		$141,028	468,671	150,411
OMB Passback, Budget Authority		$141,028	138,834	113,907

*Increases for FY 1987 and FY 1988 are based on projected COL and inflationary factors in the countries in which RFE/RL operates and provide for greater than normal growth factors for U.S. Pension, U.S. Social Security, wire services, health insurance, and transmitter power.

Schedule I

RFE/RL, INC.
"No-Year" Funding
Technical and Administrative Capital

(000 omitted)

ADMINISTRATIVE CAPITAL: (Tab F 43-53)

1.	Munich Office - Building Expansion	$ 9,285
2.	Security Improvements - English Garden	300
3.	Completion of Security Projects - Transmitter Sites	475
4.	Computer Expansion	6,400
	Total	$ 16,460

TECHNICAL CAPITAL: (Tab F 54-64)

1.	Transmitter Site - Far East	130,900
2.	Transmitter Site - Near East	132,000
3.	Modernization of four Technical Monitoring Sites	84
4.	Replacement of Obsolete Technical Equipment, Vehicles & Furniture at Technical Facilities	2,247
5.	Establishment of four Content Monitoring Sites	105
6.	Establishment of Maxoqueira as an Emergency Program Relay Operation	105
7.	Equipment for RL Sound Library	25
8.	Establishment of a Reference Recording Program	223
9.	Installation of Recording & Broadcast Studios in Washington	311
10.	Gloria Modernization - completion of Phase II	13,000
11.	Pals (Spain) Modernization	4,411
12.	Equipment for Jammer Evaluation Group	316
	Total	$283,727

Total Administrative and Technical Capital	$300,187

TAB A

RFE/RL, INC.
FY 1987 Budget Request
Radio Free Europe Division

Fifteen years of steady staff depletion, arrested but not reversed by last year's budget supplemental, have contributed to a serious erosion of Radio Free Europe's broadcast and research services. The consequences of this trend have affected virtually every area of the operation: deterioration of our clerical and research infrastructure, elimination of many specialized editors and their replacement by generalists, redeployment of free lance resources to fill gaps in the regular program schedule, and truncation of our network of foreign correspondents. These staff reductions have been borne without a reduction of the broadcasting schedule, but not without a serious diminution of program variety, innovation, and flexibility. They have come, moreover, at a time of critical importance in the audience area, where the Polish social revolution is but the most spectacular manifestation of a more general systemic crisis in Eastern Europe.

The present budget proposals would meet Radio Free Europe's most immediate needs in addressing the broadcasting challenge of the 1980's. They would permit us to hire new editors in key programming areas, augment our corps of outside correspondents, particularly in the United States, and expand original programming, especially on weekends. Research support services would acquire new analytical expertise in military-strategic, ideological, and economic affairs, as well as archival resources capable of handling the growing body of samizdat literature in Eastern Europe.

TAB A

FY 1987 Budget Request
Radio Free Europe Division
Bulgarian Service

The smallest of RFE broadcast services, reaching approximately 2,340,000 listeners, the Bulgarian Service has long lacked the flexibility of the large services to offer a "full service" schedule. There is a need to increase original programming time (exclusive of news and music) and offer greater diversity within the existing broadcast schedule. A strengthening of the Service is all the more desirable in light of tremendous changes in the Balkans and signs of restiveness in the twilight of the Zhivkov regime.

The proposed staff augmentation would permit an increase in original feature programming as follows:

	Current Original Programming	Planned Original Programming	Percentage Increase
1. Weekday	1-3/4 hrs.	1-3/4 hrs.	5
2. Saturday	1-3/4	2	15
3. Sunday	2-1/2	3-1/4	25

Equally important, the staff augmentation will permit increased editorial specialization on key issues affecting present day Bulgaria. This will require the following:

	Annual Cost
1. 2 positions - Munich	$ 55,400
a. news editor	
b. actor-announcer	
2. Washington correspondent	42,500
3. Travel increase	5,000
4. 2 Editorial trainees	48,500
Annual on-going costs	$ 151,400
5. One-time administrative support costs	63,900
Total	$ 215,300

FY 1987 Budget Request
Radio Free Europe Division
Czechoslovak Service

The Czechoslovak Service's relatively large staff size is deceptive, in that the task of broadcasting in two distinct, and growingly divergent, languages, reaching approximately 4,370,000 listeners, inevitably requires considerable duplication of effort. Staff is therefore stretched very thinly to meet the demands of a 21-hour daily broadcast schedule, leaving little flexibility for specialized commentary or on-the-spot reportage. Strengthening of the Service is particularly desirable in light of growing signs that Czechoslovakia is beginning to emerge from the political passivity brought on by the 1968 Warsaw Pact invasion. To address these new realities the Czechoslovak Service plans to introduce an entirely new program schedule.

The proposed staff augmentation would permit an increase in original feature programming as follows:

	Current Original Programming	Planned Original Programming	Percentage Increase
1. Weekday	2-3/4 hrs.	3 hrs.	5
2. Saturday	3-3/4	4-1/4	25
3. Sunday	2-1/4	3	25

The staff augmentation would also lead to significant qualitative improvements, especially in the case of specialized economic, military and political topics. Most important of all, this proposal will provide for an expansion of the Service's coverage of U.S. affairs and would help break the isolation and introspection that have characterized its operations in recent years. This will require the following:

TAB A

	Annual Costs
1. 7 positions	$ 191,700
a. news editor (1)	
b. news secretary (2)	
c. program editor	
d. actor-announcer	
e. New York correspondent	
f. Washington correspondent	
2. 4 editorial trainees	100,600
3. Travel increase	20,000
Annual on-going costs	$ 312,300
4. One time administrative support costs	94,400
Total	$ 406,700

TAB A

FY 1987 Budget Request
Radio Free Europe Division
Hungarian Service

Although the Hungarian Service, reaching approximately 4,930,000 listeners, has won praise for its innovative and effective programming, years of staff reductions have begun to take their toll. To maintain its extensive broadcasting schedule -- including by far the highest percentage of original programming of any RFE/RL Service -- editors have been required more and more to be generalists, thereby depleting the Service's expertise in several key areas. These lacunae need to be filled, both to meet the high expectations of our Hungarian audience and to address the salient economic, political, and spiritual issues that have begun to impinge on Hungary's relative stability. Second only to Poland, Hungary promises to be a pivotal country in RFE's audience area, and the Hungarian Service must prepare now to meet the broadcasting challenge ahead.

The proposed staff augmentation would permit an increase in original feature programming as follows:

	Current Original Programming	Planned Original Programming	Percentage Increase
1. Weekday	3-1/2 hrs.	3-3/4 hrs.	10
2. Saturday	4-1/4	4-3/4	10
3. Sunday	2-3/4	3-1/4	10

More importantly, an increased staff would enable the Service to upgrade its specialized coverage of economic, military, labor and youth issues and expand its coverage of the United States. This will require the following:

	Annual Costs
1. 7 positions	$ 249,500
a. program editor (2)	
b. actor-announcer	
c. secretary/typist	
d. monitor	
e. New York correspondent	
f. Washington correspondent	
2. 2 editorial trainees	52,100
3. Travel increase	15,000
Annual on-going costs	$ 316,600
4. One-time administrative supports costs	132,000
Total	$ 448,600

TAB A

FY 1987 Budget Request
Radio Free Europe Division
Polish Service

The facts must be reckoned with that Poland is undergoing a deep political crisis of indefinite duration and that the evolution of the Polish situation will have the most profound consequences for all of Eastern Europe. The small staff increases of recent years have helped the Service cope with the "Polish Emergency", but they have not begun to address the real needs of the Service which faces both limitless broadcasting opportunities, especially those offered by Poland's burgeoning underground press, and rising expectation from its millions of listeners. In terms of its audience of approximately 18,830,000 listeners and impact, the Polish Service is and will continue to be RFE's most important service - and its greatest hope for encouraging favorable change in Eastern Europe.

The proposed staff augmentation would permit the Service to introduce one entirely new 50-minute program daily, thereby increasing original feature programming as follows:

	Current Original Programming	Planned Original Programming	Percentage Increase
1. Weekday	3-1/4 hrs.	4 hrs.	20
2. Saturday	3-1/4	4-1/4	35
3. Sunday	4	5-1/2	35

Additionally, the proposed new positions would give the Service expert editorial capacity in the fields of economics, history, law, and international affairs; would significantly strengthen its depleted production and directorial staffs; and would expand its capacity for on-the-spot coverage of major events in the United States and Europe. This will require the following:

	Annual Costs
1. 15 positions - Munich	$ 423,100
a. program editor (4)	
b. actor-announcer (6)	
c. producers (2)	
d. secretary/typist (2)	
e. assistant director (1)	
2. One-time administrative support costs	$ 427,600
Total	$ 850,700

TAB A

FY 1987 Budget Request
Radio Free Europe Division
Romanian Service

Being one of the smaller RFE broadcast services, reaching approximately 10,620,000 listeners, the Romanian Service has thus far lacked the personnel resources and flexibility of the larger services. Implementation of the proposal would bring the Romanian Service close to being able to offer a "full-service" schedule and would recognize the increasing importance of Romanian domestic and international affairs in East-West relations.

The proposed staff augmentation would permit an increase in original feature programming as follows:

	Current Original Programming	Planned Original Programming	Percentage Increase
1. Weekday	3 hrs.	4-1/4 hrs.	35
2. Saturday	1-3/4	3-1/4	90
3. Sunday	4-3/4	4-3/4	0

It is intended to introduce three additional, two hour programs, six times per week. Daily time on air would be substantially strengthened. The new programs would be composite shows consisting of approximately 25 percent original materials as well as of elements compiled from pre-existing programs and music. This will require the following:

	Annual Costs
1. 8 positions - Munich	$ 238,100
a. program editor (6)	
b. producer (2)	
2. 5 trainees	
Annual on-going costs	130,400
	$ 368,500
4. One-time administrative support costs	238,600
Total	$ 607,100

TAB A

FY 1987 Budget Request
Radio Free Europe Division
Baltic States Services

I. As in the case of the RL Nationalities Services, The Baltic States Services have from the beginning been staffed at very low levels. Only with the FY 1983 Supplemental has a start been made to expand Baltic Broadcasting. Given extra funds being requested with this budget submission the Baltic Services can increase original programming and airtime to optimum levels. Increases in resources and in broadcasting capabilities are as follows:

Service	Staff Increase		Current Original Programming (Weekly)	Planned Original Programming (Weekly)	Annual Cost
	From	To			
Estonian	8	10	5-1/2 Hrs.	7 Hrs.	$ 63,800
Latvian	8	10	5	7	63,800
Lithuanian	8	10	5	7	63,800
Total	24	30	15-1/2	21	

II. In support of the above expansion of Baltic broadcasting the following will be required:

1. 1 Director of Baltic States Service	65,900
2. 3 Editorial Trainees (one for each service)	86,700
Annual on-going costs	$ 344,000
3. one-time administrative support costs	208,800
Total Baltic Services	$ 552,800

TAB A

FY 1987 Budget Request
Radio Free Europe Division
Research and Analysis Department

At present RAD is hard pressed to keep up with the essential research functions involving RFE's eight countries of broadcast. There is little capacity for providing expert research support for salient international, military, economic, and ideological issues affecting RFE's listeners. This range of issues is covered by outside correspondents and specialists, but coverage is uneven and is only rarely tailored to RFE's specific broadcast needs. RAD urgently needs to develop its own expertise in these areas, and to acquire the flexibility to deal with longer-term themes and projects. The proposed staff augmentation will strengthen the infrastructure of the eight research sections; increase senior research analysts for such key issue areas as East-West Affairs, Soviet-East European Affairs; facilitate coverage of East European samizdat publications, and expert guidance for RAD's computerizations project. This will require the following:

	Annual Costs
1. 21 positions - Munich	$ 633,500
a. 4 senior research analysts	
b. 1 non-Polish samizdat archivist	
c. 7 research analysts (Bulgarian, Czechoslovak, Hungarian, Romanian, Latvian, Lithuanian, and Estonian)	
d. 2 secretaries/research assistants	
e. 2 editors	
f. 1 computer applications specialist	
g. 4 Baltic monitors/researchers	
2. 5 editorial trainees	121,000
Annual on-going costs	$ 754,500
3. One-time administrative support costs	568,900
Total	$1,323,400

TAB A

FY 1987 Budget Request
Albanian Service
Radio Free Europe Division

The Albanian Service would carry two transmissions each lasting 30 minutes, the first some time between 0530 and 1700 hours and the second between 1900 and 2200 hours, to ensure maximum exposure. The evening transmission would include a judicious mixture of news, domestic and world commentaries, press review and cultural items with special emphasis on Albanian history and Communist party history.

The broadcasts would stress the importance of Albanian national independence, the danger of Soviet expansionism with special reference to the Mediterranean area. Friendship between the U.S. and the nations of Western Europe on the one hand and the people of Albania would also be emphasized. Our military/political purpose is to keep Soviet naval and air power out of Albanian territory and thus prevent adding to Soviet naval power in the Mediterranean.

Basically the same program would be repeated the following morning. The news bulletin would, of course, be a fresh one and any important overnight development would be covered in addition to the previous night's materials.

The establishment of an Albanian Service in FY 1987 would require the following:

	Annual Costs
1. 14 positions - Munich	$ 455,000
a. 8 editors b. 2 typist/secretaries c. 2 researchers d. 2 monitors	
2. Support costs (free lance, travel, etc.)	84,000
Annual on-going costs	$ 539,000
3. One-time administrative support costs	382,500
Total	$ 921,500

TAB B

FY 1987 Budget Request
Radio Liberty Division
Russian Service

I. 1. Russian Service (Munich)

With the additional funds and personnel being requested the Russian service is planning the following:

a) To develop more fresh, topical programming on weekends

b) To expand the live morning show inaugurated in Washington in FY 1985. There is a marked increase in audience size from 0600-0800 Moscow time

c) To develop special daily newscast-type programs that would focus on Soviet related news developments

d) To improve the sound of our programs by reinforcing our available staff of speakers, particularly in bureaus

e) To insure that those of our series that are broadcast on a daily basis are adequately staffed for uninterrupted flow regardless of vacation or illness

f) To enrich and enlarge our cultural and religious programs

2. Russian Service (Washington)

The Russian service is on the air 24 hours a day. Using a second time zone, 6 hours away from Munich, extends by 6 hours the potential for live broadcasting and planning under normal 1-hour supervision as well as giving better time options for late-hour broadcasting. Neither time zone alone is perfect for serving our audience -- the two together substantially increase capabilities for newscasting and a breakfast show. This applies also to Ukrainian broadcasting and, on a freelance basis, to the late-night newscasts of several other RL services. Washington is the most important city in the world outside the Soviet Union to the Russian-language audience. While the VOA represents that city, it cannot "report back to the audience in the Soviet Union" in the same way that a foreign correspondent can about

TAB B

Washington, in the same way that RL can. In addition, Washington has become the prime center of relevant Soviet studies in the West. An office which can draw on that expertise to support the best single institution dealing with unclassified research on the Soviet Union, RL, can considerably contribute to the radio's performance. RL is less well known in Washington than it is in Munich and can make much of its expertise available through a Washington office.

II. The Russian Service plans to increase original programming by seven hours a week as well as to increase the quality of its programming. This would include improved weekend programming on current affairs, preparing special 10 minute news type bulletins concentrating on Soviet-related news developments and improving quality of programming emanating from Washington, New York and European News Bureaus.

The proposed staff augmentation would permit an increase in original features programming as follows:

	Current Original Programming	Planned Original Programming	Percentage Increase
1. Weekday	3-3/4 Hrs.	5 Hrs.	35
2. Saturday	4-1/2	4-3/4	5
3. Sunday	2-1/2	3	20

With the increased staff the Russian Service is, for example, planning to continue expansion of programming in Washington. The inauguration of a live morning show and the establishment of a News Feature Section was undertaken in FY1985. The 26 new positions being requested are as follows:

		Annual Cost
1. 13 positions - Munich	$	417,400
2. 4 positions - New York		125,700
3. 1 position - London		36,100
4. 2 positions - Paris		66,000
5. 6 positions - Washington		241,100
Annual on-going costs		886,300
One time administrative support costs		471,700
Total	$	1,358,000

TAB B

In FY1988 an additional 3 positions will be required in Washington: 1 Features Correspondent, 1 Sr. Programmer/Editor, and 1 Programmer/ Speaker. The addition of these positions, plus the expected transfer of five positions from the Russian Service in Munich in FY 87/88 gives a total of 22 employees engaged in the expanded RL programming effort in Washington.

III. With regard to enhancement of the Washington programming effort it is also contemplated to add two support positions to the RL Director's staff in Washington:

		Annual Cost
1. Secretary	$	29,100
2. Soviet Analyst		59,500
Annual on-going costs		88,600
One-time administrative support costs		8,500
Total	$	97,100

TAB B

FY 1987 Budget Request
Radio Liberty Division
Nationalities Services

I. Nationalities Services

The Nationalities Services budget requests for personnel are presented with a view to an overall goal of having each medium-size service broadcast one full hour of original programming daily. For the three smaller services the goal is to add one-hour of original programming over the weekend. The exception is the Ukrainian Service where the goal is to add 17 positions in FY 1987 and to double the current staff to a figure of 41 by FY 1988. The last Soviet census (1979) indicates that the Ukrainian-speaking population exceeds 42 million in the USSR.

Increases in broadcasting capabilities are listed below for FY 1987:

Service	Staff Increase		Current Original Programming (Weekly)	Planned Original Programming (Weekly)	Annual Cost
	From	To			
Armenian	8	10	5-1/2 Hrs.	7 Hrs.	$ 63,700
Azerbijani	7	9	4-1/2	7	63,700
Belorussian	9	10	5-1/2	7	33,500
Georgian	8	10	6	7	63,700
Kazak	9	11	5	7	63,700
Kirghiz	6	8	3-1/2	4-1/2	63,700
Tajik (A)	5	8	3-1/2	4-1/2	97,100
Tatar-Bashkir	8	10	5-1/2	6-1/2	63,700
Turkmen	7	8	3-1/2	4-1/2	33,500
Ukrainian	21	38	14	28	567,900
Uzbek	9	11	4-1/4	6	63,700
Total	97	133	60-3/4	89	$ 1,177,900

10 Editorial trainees (one for each service except Ukrainian)	289,000
Annual on-going costs	$ 1,466,900
One-time administrative support costs	935,000
Total	$ 2,401,900

(A) includes phase one of Afghan programming - 15 minutes daily

TAB B

II. In support of the above expansion of Nationalities broadcasting the following additions to Management staffing will be required:

	Annual Cost
1. 1 Deputy Director	$ 66,100
2. 1 Secretary	22,300

It is also planned to assign one new editor and two programmers to the Nationalities Management Office to produce in Russian. The program would concentrate on explaining to the Russian listeners the various aspects of nationality problems in the Soviet Union. Resources required are:

3. 1 Editor	36,000
4. 2 Programmers	63,400
Annual on-going costs	$ 187,800
One-time administrative support costs	140,200
Total nationalities management	$ 328,000

TAB B

FY 1987 Budget Request
Radio Liberty Division
Department of Planning and Research

I. Increase in Strength

This department is composed of two sections: research and program support. Whereas, the research part of it is self-evident, the program support element works closely with the Chief Editors of RL broadcast desks in order to determine their needs for programming. For this reason, its work is characterized by flexibility and innovation. Program Support tries to develop new, individualized ways of dealing with broadcast services, abandoning less successful, older ones. New positions being requested for both sections are as follows:

Central Research	No. of new Positions	Annual Cost
1. Editor/Typist of Russian Research Product	1	$ 26,700
2. Soviet Media Analysts	2	23,400
3. Word Processing Coordinator	1	26,700
4. Research Analyst of Soviet Society/ Demography	1	36,100
5. Research Analyst of Soviet Economic Affairs	1	36,100
6. Research Analyst of Sino-Soviet Affairs	1	36,100
7. Research Analyst of Soviet Military Affairs and Arms Control Issues	1	36,100
Program Support		
1. Nationalities Section-		
Research Analyst for Central Asian Affairs	1	36,100
Research Analyst for Azeri Affairs	1	36,100
Research Analyst for Belorussian Affairs	1	36,100
Research Analyst for Ukrainian Affairs	1	36,100
2. Russian Section - Researcher of Soviet Media	1	33,400
Annual on-going costs	13	399,000
One-time administrative support costs		264,200
Total		$ 663,200

TAB B

FY 1987 Budget Request
Radio Liberty Division
Samizdat

I. Increase in Strength.

Assuming creation of a Tamizdat sub-unit within the section the present 6-person staff should be augmented by three new positions. These would be needed for screening Tamizdat (publications abroad) texts from Russian, Ukrainian, and other Soviet emigre publications, maintaining archives of selected Tamizdat publications, and choosing Tamizdat texts useful for programming. Required are:

	Annual Cost
1. Bibliographer - Researcher	$ 26,700
2. Archivist Researcher	26,700
3. Administrative Assistant	23,600
4. Tamizdat Publications	4,000
Annual on-going costs	81,000
One-time administrative support costs	18,300
Total	$ 99,300

TAB B

FY 1987 Budget Request
RLD - Director's Office

I. It is proposed to create a RL Sound Library under the Office of the Director. The purpose would be to collect, classify, store and process for RL programming purposes sound materials, primarily, but not exclusively in Russian, Ukrainian, and other languages of the Soviet Union. One of the areas neglected at this time is the use of actualities or sound clips from the original Soviet sources. These sound materials should serve two main purposes: (1) to make the programs more intrinsically interesting from an auditory standpoint, and, (2) to provide through original (mainly Soviet) voices or sounds an authenticity that is lacking in the simple reading of quotations or in ordinary narration. This will require a staff of two:

	Annual Cost
1. Senior Sound Archivist	$ 26,900
2. Sound Archivist	23,300
Annual on going costs	50,200
One-time administrative support to costs	9,600
Total	$ 59,800

TAB B

FY 1987 Budget Request
Radio Liberty Division
Afghan Service

With a view to a long-term projection of both the Soviet occupation and guerrilla warfare in Afghanistan, it is proposed that Radio Liberty establish an Afghan Service to broadcast in Dari, Pashtu, and Russian. The latter would reach Soviet personnel in Afghanistan and the former represent the two major languages of the country. A half-hour program daily (plus 3-4 repeats of original programming) is planned when the program is in full operation. The Service would require a staff of seven plus a researcher for Planning & Research and a broadcast analyst for BAD. The Service would be phased in as follows:

FY 1987	Annual Costs
1. 1 - Chief Editor (Dari)	
2. 1 - Programmer (Pashtu)	
3. 1 - Programmer (Russian)	
4. 1 - Researcher	
5. 1 - Broadcast Analyst	
6. 1 - Programmer (Dari)	
7. 1 - Programmer (Dari)	
8. 1 - Programmer (Pashtu)	$ 262,500
Operating Costs - Free Lance/Travel	12,600
Annual operating costs	$ 275,100
One-time support Costs	215,400
Total FY 1987	$ 490,500
FY 1988	
1. 1 - Programm (Pashtu)	$ 31,800
One-time support costs	31,400
Total FY 1988	$ 63,200

TAB C

FY 1987 BUDGET REQUEST
THE BROADCAST ANALYSIS DEPARTMENT

The Broadcast Analysis Department (BAD) is tasked with auditing RFE-RL's total programming output for adherence to policy, editorial and radiophonic quality,and for general suitability in keeping with the Radio's mission, and for reporting its findings to the responsible American radio management. To achieve its objectives BAD prepares a daily narrative account of all 20 RFE-RL Services' programming (the DBAs), issues two regularly appearing statistical series profiling the Services' broadcasts, undertakes special studies and analyses of programs as directed, reports on program guidance violations when they occur, contracts for special studies of Service programming by outside experts, and provides translations on an on-going basis and specifically as requested. In the performance of its duties BAD is directly subordinate and reports to the chief policy officer of the Radios, President Buckley. Thus, BAD can conduct an independent audit of programming, since it is not organizationally connected to either the RFE or the RL Broadcast Divisions.

Broadcast Analysis is being required to undertake more activities in terms of both reporting, program research, and translations. In addition, increased programming time is envisaged, and to some extent has materialized for the Radio Liberty Services, especially the Nationality Services. To enable BAD to fulfill its new and expanded responsiblities with its own resources with no lapses, an additional 7 staff members are required.

BAD is being required to produce more translations, faster and of higher quality; we have requested the addition of Russian, Polish, and Czechoslovak translators. The addition of these three positions would guarantee immediate and quality translations of programs and additional materials for all of the six major Services.

To assure that all RL Nationality Services are audited by independent BAD auditors and not by other units during times of illness or vacations, BAD is requesting in FY 1987 the services of additional Baltic analysts. This will make program research on the broadcasts of the Nationality Services possible. The additional personnel will enable BAD to deal with anticipated expanded Nationality Services' programming.

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Also required are two research/report writers (one for the RFE area, the other for RL) to assist BAD executives in the preparation of reports on RFE/RL broadcasting in which suggestions for new types of programs, schedule changes, and improvements in presentation would be made. This requires research on the multiple objectives of RFE/RL programming in terms of audiences and desired responses and the elaboration of approaches the Broadcast Services must employ to attain such objectives.

Extra funds are also being requested for more outside evaluation of RFE/RL programs. Programming has profited in the past by being reviewed and evaluated by recognized, competent outside experts. Such evaluations are useful for management in discussing programming strengths and shortcomings with the language service directors and for making program recommendations.

I. Increase in Strength

	No .of new positions	Annual Cost
1. Baltic Serv., Translator/Analyst	2	$ 53,400
2. Russian Translator	1	20,800
3. Polish Translator	1	20,800
4. Czechoslovak Translator	1	20,800
5. Program Analyst/Report Writer	2	97,700
	7	$ 213,500

II. Outside Program Reviews. All of the Services should be evaluated at least every two years.	51,000
III. Freelance Translations.	21,000
Annual on-going personnel, free lance and support costs will be	$ 285,500
IV. One-time administrative support costs	104,600
Total	$ 390,100

TAB C

FY 1987 Budget Request
East European Area/Audience & Opinion Research

EAAOR has just recently established that samples of travellers from East Europe are willing to have their responses put on tape. This is a completely new development. By, for example, playing tapes of RFE broadcasts and taping interviewee responses, in-depth knowledge of audience response to programming can be enormously enhanced.

A field-coordinator in Vienna, where 70 percent of the field work is carried out, a program evaluation specialist to research and study in-depth the impact of programs; and a secretary will be needed.

Up to now the RFE Audience & Opinion Research Department has been able to furnish the desks only with a skeletal guide as far as the impact of programs is concerned. In-depth studies and guidance are only possible if and when audience reactions are studied immediately following the listening experience. The fact that this has not been possible because of technical and financial reasons up to now constitutes one of the most glaring shortcomings of audience research work at RFE. To rectify the situation in all probability would lead to a significant enhancement of the regularity with which RFE listeners avail themselves of the station, and, thus, research as described above should reverse the trend of less and less regular listening except in times of crisis.

The FY 1987 request provides for the following

		Annual Cost
I.	Increase in strength 1. Field co-ordinator 2. Program evaluation specialist 3. Secretary	$ 71,000
II.	Consultants and Freelancers. Consultants will be used to keep APOR abreast of latest U.S. developments in the field through reports, analyses, seminars, and lectures. Freelance assistance is required for data processing during holiday and peak work periods.	18,500

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III.	Program Evaluation Studies. Samples of listeners, representative of RFE audiences will be selected to listen to taped broadcasts and respond to questionnaires . As a result, APOR will be able to furnish the desks with in-depth studies and guidance as to the impact of programs. Costs in addition to employee listed in I. above are	111,300
IV.	Feedback Surveys. Feedback surveys will be establishing dialogues between RFE, its audience and the target area public-something often talked about but never realized in practice.	44,500
V.	Sampling by differential association and influence. This method attempts to minimize socio-economic class structures and instead emphasize the type, the extent and the frequency of interpersonal relationships and the influence factor in these relationships.	28,000
VI.	Surveys to be conducted among West Europeans in England, France, Germany and/or Austria by opinion research institutes. The reliability of East European findings is greatly enhanced when surveys among West Europeans reveal similar results or expected differences.	17,000
Annual on-going costs, including surveys and studies are		$ 290,300
One-time administrative support costs		37,200
Total		$ 327,500

TAB C

FY 1987 Budget Request
Soviet Area Audience and Opinion Research

Priority in SAAOR's expanded Audience Research Report effort is being afforded to interviews with Soviet non-Russians. Currently, the number of interviews done with representatives of most of the major Soviet nationalities is too small to generate survey samples upon which to draw inferences about audience size, ratings, compositions and so forth, for the corresponding RL Language Service. Russian tourists have traditionally been the "bedrock" of our data base, not only because SAAOR's interviewers have had easier access to them, but also because proportionally representative data subsets drawn from an all-Union sample of 2400 were too small for independent analysis. Efforts aimed specifically at increasing interviews with non-Russian travellers are particularly important because RL audience ratings for the Baltic, Ukrainian, Belorussian, Caucasian, and Central Asian regions have been consistently higher over the years than ratings for the RSFSR. The overall size of RL's audience appears to be significantly enhanced by virtue of its broadcasting in all the major Soviet languages.

Resources for an expanded research effort targeted at Soviet nationalities were first committed in FY 1984. It is SAAOR's intention to consolidate this first expansion effort in FY 1985 and expand it again by 1,000 interviews in FY 1986, bringing the total number of interviews up to 5,200. The ultimate goal in FY 1987 is to reach a total sample of 6,200 citizen interviews. This total will be divided among five national-regional samples of the USSR:

Russian - 1,600
Ukraine - Belorussia - 1,400
Turkic-Tajik area - 1,200
Baltic Republics - 1,200
Armenia-Georgia - 800

The following will be required:

	Annual Cost
1 Data-Coder-Translator	$ 47,000
1,000 interviews	200,000
Annual going-on costs	247,000
One-time administrative support costs	29,800
Total	$ 276,800

TAB C

FY 1987 Budget Request
Central News Division

The Central News Division's Munich operation has just about attained its optimum strength level. One of the main features of CND's FY 1987 request is the establishment of a RPE/RL news bureau in Stockholm which is highly supported by programmers of both RFE and RL (this bureau used to exist but was closed down due to lack of funds). Although wire services cover major Scandinavian news developments, having a bureau in Stockholm would enable CND to gather secondary news stories or feature material of specific interest to RFE/RL audiences. Additionally, two copy clerk positions are needed to improve CND's distribution system. The size of the file of news and program material and the subscribers who receive it is increasing at a steady pace (at present total annual distribution is around 50 million pages). The following will be required.

	Annual Cost
1. 2 positions Stockholm Bureau	$ 72,000
2. 2 positions Central News Room	31,000
In addition operating costs for the establishment of a Bureau in Stockholm will be	123,000
Annual on-going personnel and operating costs will be	$ 226,000
One-time Administrative support costs	$ 32,900
Total	$ 258,900

Washington News Bureau

In support of programming expansion in the United States the Washington Bureau will need to be reinforced in the technical, audio and feature areas,

	Annual Cost
I. Staff Increase:	$ 238,000

1. 1 Maintenance Engineer
   New studios construction and increased broadcast programmers make a technician essential

2. 1 night shift Reporter
   Employee would cover evening speeches, dinners, network newscasts and by telephone, events in other time zones.

3. 1 Audio Assistant
   Addition of this position will enable the bureau to cover events over a 14-hour day weekdays, cover Sunday television news interviews, and to provide support for outside reporting by national desk reporters.

4. 1 Latin American Affairs Specialist.

5. 2 Journalists
   Positions will provide support as reporters, feature writers, or correspondents.

II. One-time administrative costs		$ 32,900
	Total	$ 270,900

FY 1987 Budget Request
New York Programming Center

Most of the language desks located in NYPC are one person operations. The programmers by and large, are expected to respond to specific needs in the daily broadcast schedule. A new position - Program Information Specialist - is planned to take advantage of programmatic opportunities in and around New York (seminars, academic gatherings, cultural events) which would benefit more than one service, adding to the originality and scope of New York - originated programming.

1. Program Information Specialist	$ 42,000
2. One-time administrative support costs	4,400
Total	$ 46,400

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FY 1987 Budget Request
Administration Division

Our basic administrative support problems stem from a multitude of years of inadequate financing. Previous managements curtailed support spending and reduced functional and support staff in order to keep as much as possible of the Radios' broadcast capability intact. These decisions resulted in forced deferral of much-needed maintenance of technical equipment and the physical plants at all locations, including the broadcast center in Munich. Though the Broadcast Services staffing was reduced substantially overall, the erosion was minimized to the degree possible by reducing support and functional elements to a critical or, more accurately, to a dangerous level.

The 1976 consolidation of RFE and RL contributed further to mounting administrative woes. Funds were not forthcoming to resolve completely the integration of the two Radios' long-standing separate administrative policies; support staffs were reduced further in the face of, in some instances, doubling of workload; to this date we have yet to resolve such vital personnel and morale issues as integrated job descriptions and classifications.

Our recent $21 million supplemental funding, obtained in part in Fiscal Year 1983 and part in Fiscal Year 1984, is the first major step in more than a decade to help us solve some of our ancient problems. We have been able to make some significant catch-up payments to the German Pension Plan, which we had been carrying forward from year to year in a sorely underfunded state. We have improved the working conditions and appearance of the Munich headquarters building, including new roofing, additional electric power, inside and outside painting, replacement of outdated equipment, such as the freight elevator, cafeteria kitchen equipment, etc.

The supplemental funds for 75 staff positions, increased our overall strength from about 1675 to 1750 and stretched our office space beyond limits. We have had to lease temporary space in an office building located about one mile from the headquarters building in the English Garden. Most of our administrative activities, plus the Broadcast Analysis Division and the Radio Free Europe audience research staff, have had to move there.

We believe this FY 1987 request will help meet our personnel and administrative needs as we project them through the budget out-years for the remainder of this decade. They include the

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cost of maximum expansion of the headquarters building, to bring back the employees we have had to quarter temporarily in the new annex; plus proposals to provide adequate funding and staffing for our administrative support structure, including the expansion of our computer facilities to provide for the extension of news, monitoring and Samizdat into all language services; word/data processing for administrative personnel; the connection of external units - Paris, London, Rome - into the main system in Munich.

MUNICH HEADQUARTERS

Since consolidation in 1976 Administration personnel strength has been steadily reduced to a level where it is now hardly able to cope with current operations, not to mention latest budget planning proposals which call for approximately 200 new positions in Programming and News. Additional administrative support personnel totaling 35 will be needed in FY 1987 as follows:

	Personnel	Annual Costs
1. Office of Director	2	$ 72,000
2. Financial Management	2	41,000
3. Computer Center	7	190,000
4. Purchasing	2	41,000
5. Library	3	59,000
6. Personnel	8	186,000
7. Security	2	41,000
8. General Services	9	175,000
	35	
Free Lance and Travel		51,000
Computer Maintenance, Communications and Software		1,314,000
Annual on-going Costs		$ 2,170,000
One-time Administrative Support Costs		233,200
Total:		$ 2,403,200

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Director's Office 2 positions

- 1 - Clerk/Secretary
- 1 - Editor

The Employees Benefits Section provides pension and health insurance support for all active employees in Europe and for 800 retirees with a staff of three. The size of this staff has not increased since the merger of the two Radios in 1976, although the number of retirees serviced has risen from 53 in 1976 to nearly 800 in 1984. The combination of a planned increase in programming, news and support personnel of approximately 300 employees, a constantly increasing number of retirees, and the retirement of the long-time employee benefits manager require the addition of a clerk/secretary to handle the increased work flow. This position will also provide continuity of services during absences of the secretary.

A comprehensive publications program has been designed to provide a complete line of internal and external publications to meet all audience needs: internal employee communications, external presentation of Radios' research and program products designed for media, political figures, universities, government agencies, libraries, etc. A Publications Editor is needed to coordinate all publications activities and produce the bi-monthly Airwaves for in-house purposes.

Financial Management 2 Local Scale positions

- 1 - Travel/Freelance Clerk
- 1 - Property Clerk

Two local hires, each costing $20,500 per annum, are needed in the areas of travel/freelance and property accounting. The travel budget has been more than doubled - from $300,000 to $700,000. The volume of expense reports has increased already twofold (from 750 to 1,500) and recruiting, interviewing and testing expenses are currently running about three times as high as in the past. There has also been a 50% increase in the number of freelance payments. One extra travel/freelance clerk is being requested to assist the present two-person staff with this substantial increase in travel and freelance activities.

With the projected increase of 100% in RFE/RL's regular capital budget, it will be necessary to augment the present one-person property accounting staff. Assistance is required for taking periodic physical inventories of RFE/RL assets and organizing accurate and up-to-date property records (also distinguishing between property belonging to RFE/RL and to the B.I.B.).

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Furthermore, with the planned introduction of depreciation accounting on a commercial type basis, additional help will be needed for implementing and maintaining such depreciation records.

Computer Center	7 Local Scale positions

2 - Computer Specialists
1 - Supervisor, Computer Services
4 - Computer Operators

With the approval of the FY 1987 Request for $6,400,000 for computer equipment and the planned expansion of RFE/RL's Computer Network into the many proposed News, monitoring and administrative offices worldwide (Germany, U.S., Iberia, London, Paris, Rome, Vienna, Salonika, etc.), it will be necessary to provide 24-hour, 7 day-a-week control of the computer operations. The various time zone differences will bring a continuous flow of external information to the Headquarters system for necessary archiving, processing, and distribution. Security of information will become an ever increasing factor; the only safe way is continuous observation and checking. In order to provide the necessary support as the computer expansion progresses, it will be necessary to add three positions (1-Computer Specialist and 2-Microfiche Operators) in FY 1988.

Purchasing	2 Local Scale positions

1 - Procurement Specialist
2 - Bilingual Secretaries

As a result of the supplementary funding, the workload in Purchasing has almost doubled over the past year. It is anticipated that it will go up even further because of increases to the capital budget and expansion of the Munich programming staff. The number of purchase orders issued over three past six-months' periods testifies to the higher workload:

	No. of Purch. Orders
1 Jan to 31 July 1982	762
1 Jan to 31 July 1983	893
1 Jan to 31 July 1984	1,295

The present staff of three procurement specialists and one secretary can no longer handle all the requisitions and orders being placed on a timely and orderly basis and also make the necessary market studies often required in the procurement process. Two new positions are essential.

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Library — 3 Local Scale positions

Program Reference Services and Archives

2 - Screeners - Infoservice
1 - Jr. Librarian

Two additional screeners would be assigned to screen, select and classify for filing relevant and important articles within our field of interest appearing in professional and scholarly journals. RFE/RL editors, programmers and researchers depend very heavily on the Library/Archives to provide them with background information and material to write well-balanced and informative scripts, etc. However, because we are a broadcasting organization with international implications and because of the high level of specialization of our programmers and researchers more in-depth articles and materials are needed and requested as alternative sources of information to the budget and the daily press.

The Jr. Librarian would take responsibility for circulation control: charging out and discharging of books, periodicals, newspapers, readers' advice, directional assistance, interpretation of the catalogue, book retrieval in Russian and 15 other languages.

The above tasks are presently being performed by the main cataloguer of the RL collection and one person cannot do both jobs.

Personnel — 8 Local Scale positions

1 - File Clerk
3 - Compensation Specialists
2 - Labor Relations Specialists
1 - Testing Clerk
1 - Training Clerk

German Labor Law requires that individual Personnel files must be available for inspection by individual employees or the appointed employee representative within 24 hours subsequent to employees' request. With the projected staff additions of around 225 in the news and programming areas it will be necessary to add a file clerk to keep the records and files up-to-date on a daily basis. Present staff is inadequate to keep up with the additional demands.

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With the projected staff increase there is an urgent need to establish a three person compensation and evaluation section to: complete the final aspects of consolidation, establish and maintain a personnel evaluation system, plan and implement a performance pay system, establish an annual salary review program and establish a system for reviewing and updating job descriptions via on-going desk audits. The current staff cannot adequately perform these duties. Presently review matters are handled by ad hoc committees chaired by outside consultants.

Present staff is insufficient to provide basic statistical data needed not only for Union negotiations in Munich but also for negotiations of proper salary review and adjustment throughout Western European locations - i.e. Italy, France, England, Belgium, Iberia. The additions of two Labor Relations Specialists will also allow for a concentrated effort to effectively carry out grievance/reprimand practices as defined by Union contracts and German Labor Law with proper follow-up and extensive documentation.

The expanded effort of the Employment Section has revealed a clear need for improved pre-employment assessment. Aspects include objective means, outside a hiring unit's control, of establishing and assessing basic linguistic competence, editorial and news skills in a language area. A full-time testing clerk is needed to administer such testing as well as handling the usual testing in typing and language areas. Efforts need to be made to expedite present qualification checking and cut the time involved in obtaining references from knowledgeable persons at foreign locations. Current staff cannot handle the increased workload which will result from the projected language and news staff increases.

A training clerk is needed as support to the Director of Professional Development in coordinating and establishing long overdue training and seminar participation, in establishing a training program for the replacement of senior employees, as well as catching up on deferred training in such areas as radiophonics and use of computer equipment.

Security — 2 Local Scale positions

1 - Data Entry Clerk
1 - Security Supervisor

Thirty years of accumulated security information must be entered into the computer data base. This task will require a full-time entry clerk position for several years. There is no such person available within the Security Department to handle this assignment. Given the sensitivity of the material involved, it is preferable to hire an employee rather than to use contract services. The addition of this employee will also provide continuity in the administrative area during times of illness and vacation.

An additional security supervisor will permit 24 hour supervision of in-house security personnel and contract guards. This supervision is particularly important on the midnight shifts and on weekends, and for the Annex at Arabellastrasse. Furthermore, the planned staff expansion will require the acquisition of additional office space; security supervision will be extended to this space as well.

General Services	9 Local Scale positions

1 - Clerk Typist
1 - Housing Assistant
1 - Reproduction Clerk - Print Shop
6 - Maintenance Workers

To support the anticipated increase in the programming, research and news staff at Munich Headquarters and to reduce the use of outside contractors in the building service area, nine new positions are being requested by General Services. Six new maintenance positions (carpenters, electricians, plumbers) will help to reduce significantly the high costs of contractual services. They would also be immediately available for in-house repairs, renovations, office moves and the like. At present we are paying, for example, an outside firm an average of DM 15,000 a month for moves within the Headquarters building. Because of the greater number of employees eligible for housing, an extra position is needed in the Housing Section for processing new leases, furniture requisitions, utility contracts, etc. In the print shop an extra reproduction clerk is needed. The expansion of program and research staffs and the introduction of word processing equipment have increased the amount of material produced by these units with an accompanying increase in the amount of material which has to be processed in the Print Shop - Polish Samizdat and other.

The Administration Division budget also includes in the funding request new projects and support costs on a company-wide basis for the following:

1. Salary Scale Consolidation - $1,392,000
   This would comprise placement of programming and support personnel (presently on local and language scales) on a

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unified salary scale and the abolishment of the US Scale by partial terminations and re-establishment on the unified scale. End result would be two scales: Management and Unified. Compensation inequities would be abolished.

2. Performance Related Compensation Plan. $1,228,000
The present RFE/RL compensation system does not provide adequately for taking into account individual performance. The program would be introduced on a company-wide basis (with the exception of Portugal where such a system already exists). Implementation of this proposal will probably have features affecting present promotion and step increase procedures. The estimated cost of this merit pay plan might be reduced depending on the final design.

3. Editorial training and professional development - $ 250,000
This program is designed to enhance and expand staff English language competence; provide seminars, conferences, lectures, data processing training, and radio technique seminars in the U.S. as well as Europe; and provide for U.S.-European exchanges of staff members. Due to funding shortages in the past professional development and training have been largely neglected. The increase requested for FY 1987, coupled with the planned FY 1986 expansion, will give adequate funding to the program.

4. Internship Program $ 139,000
This program, currently funded by the RFE/RL Fund, has been a striking success since its inception in 1979. RFE/RL has resources unique in the West for Soviet and East European research, the focus of most internships. As well as sharing our resources and expertise with developing professionals, we profit via staff rejuvenation and recruitment. Several past interns are now on staff. Under this program, 20-25 graduate students would serve internships of mainly two to three months.

5. Microfilming of Records $ 175,000
Laws in Germany and the U.S. require that personnel, security, financial and tax records be maintained for several years, or in some cases, indefinitely. In-house space in both Munich and Washington is very limited. Microfilming will alleviate the overcrowding in both locations and will permit ready access to constantly used files. Once the project is completed, microfilming will be updated by the staff. In addition the research sections of both Radio Liberty and Radio Free Europe have extensive subject and biographical cuttings files. It would be beneficial to have this information available on microfilm. One-time capital and term contracts for temporary help will cost $ 175,000.

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6. German Pension Plan Payment $ 850,000
The special Early Retirement agreement (rejuvenation) in 83/84 made it necessary to purchase annuities for 19 terminees under this program at a one-time cost of DM 3,000,000. A partial payment of DM 700,000 has been made; DM 2,300,000 remains to be paid.

7. Outside Office Space - Headquarters $1,200,000
Approximately 250 of the projected new hires will be stationed in Munich. Additional Office space will be required until the building expansion project is complete.

8. Early Retirement Agreement $2,938,000
This program has proven useful in enabling Management to upgrade staff. The costs of encouraging the early retirement of less productive individuals are amortized by filling vacant slots with less expensive employees; the superior effectiveness of newer, younger employees is a great benefit, especially in the context of a rapidly aging key staff which needs rejuvenation. Costs for 20 persons including one-time pension premiums will be $2,938,000.

9. Munich Building Refurbishing $ 835,000
RFE/RL began the needed and long-delayed refurbishing of the Munich Headquarters building in FY 1983. The plan to refurbish the building included office and corridor renovation (painting, carpeting and lighting), roofing, gutter repairs, exterior painting, a new electrical system, canteen modernization, new office equipment, office furniture, print shop equipment, and new vehicles. The project was continued in FY 1984 and FY 1985 with office and corridor renovations, canteen renovation, and some new office furniture. An amount of $ 835,000 has been projected for final completion of the Munich building refurbishing in FY 1987, including the acquisition of a new telephone switchboard at a cost of $600,000.

10. Representation Increase - $ 10,000
Currently the representation budget for RFE/RL is $46,000. This has remained an absolute figure for the past several years. Budget Planning Proposals call for an increase of 20 percent in RFE/RL overall strength. It is proposed that the representation budget be increased by 20 percent in accordance with the planned expansion of the radios operations.

TAB D

11. Publications Program - $ 57,100
A comprehensive publications program has been designed to provide a complete line of internal and external publications to meet all audience needs: internal employee communications, external presentation of Radios' research and program products designed for media, political figures, universities, government agencies, libraries, etc. To be explored: possibility book publications projects could be sold on subscription basis to recover costs, produced by commercial publishing houses.

Publications envisaged:

1. Bi-monthly Airwaves: in-house employee communication; work absorbed by present Administrative staff. $ 19,000

2. Monographs: in-house publication of exceptional, historical works of RFE/RL programmers (primarily) and/or researchers. $ 5,000

3. Book Publications: examples - Who's Who of Soviet Leadership; special projects such as Polish Samizdat; APOR audience research results. Publishing to be done commercially, estimated annual cost of necessary activities to make successful presentations to prospective publishers and guarantee sufficient initial sales to encourage publication. $ 33,000

4. Soviet-East European Report (current newsletter produced in Washington. On-going annual costs of $ 66,500 budgeted in Washington Office.)

5. Staffing: To produce the bi-monthly Airwaves for in-house purposes and to support and coordinate all publications activities a Publications Editor was added to the staff of the Director of Administration in FY 1985.

Total administrative support costs $ 9,074,100

TAB D

WASHINGTON OFFICE

I. Increase in Strength $ 86,000

With the anticipated increase in purchasing due to facilities modernization and the projected staff increase in the U.S., it will be necessary to complement and support the current staff in the areas of Finance, Employee Benefits, Personnel, Purchasing and Data Processing.

The following positions will be required:

1. Administrative Assistant- there is an operational need for an individual to provide support in the critical areas of payroll, accounts payable and personnel administration.
2. Purchasing Clerk/Expeditor - increased purchasing activity for U.S. and overseas offices has created a need for a purchasing clerk/expeditor to relieve department manager of clerical duties in order to devote more time for vendor contacts, security processing and General Services functions.
3. With the increasing importance of Washington as a programming center, it is proposed to add a public affairs position in Washington to handle liaison between Munich and the U.S. press. The employee would distribute and coordinate releases and answer media inquiries.

Support costs for travel and advertisement in World Air Atlas	$ 26,700
Annual On-going costs	$ 112,700
On-time administrative support costs	$ 12,900
Total	$ 125,600

II. Outside Office Space $ 729,000

During FY 1986 and FY 1987 planned Radio Liberty and Radio Free Europe programming efforts in the United States will increase the Washington office staff by 29 employees. Current office space cannot accommodate the increase; additional space, sufficient for computer and studio expansion will have to be acquired. Annual operating costs include rental of additional space and communications lines.

TAB E

FY 1987 Budget Request
Engineering and Technical Operations

The anticipated increase of approximately 200 employees in programming areas makes it necessary for the Engineering Division to expand its technical facilities to meet current and future needs.

The plans fall into the following categories:

	No. of New Slots	Annual Costs	One-time Capital Costs **
I. Expansion and up-grading of existing technical sites and installation of new technical facilities.			
1. Establishment of 4 content monitoring sites	12	$668,000	$105,000
2. Establishment of Maxoqueira as an emergency program relay operation	(17)	-	105,000
	5	$668,000	$210,000
II. Augmentation of technical staff to provide support needed for expanded and modernized facilities and to insure proper installation, operation, maintenance and supervision in the years to come.			
1. Engineering Staff enhancement	2	65,000	-
2. Establishment of telecommunications control office	1	30,100	-
3. Establishment of technical facilities standards group	3	154,800	-
4. Augmentation of facilities maintenance staff	6	146,900	-
5. Augmentation of Installation and construction group	8	230,200	-

TAB E

	No. of New Slots	Annual Costs	One-time Capital Costs **
6. Augmentation of monitoring staff	3	67,700	-
7. Augmentation of staff - Lampertheim	2	40,100	-
8. Establishment of antenna maintenance team	6	146,800	-
9. Establishment of jammer evaluation group	7	160,300	316,000
10. Staff enhancement - Portugal	2	93,600	-
11. Establishment of typing pool	3	54,900	-
	43	$1,190,400	$316,000

III. Major Modernization Projects Involving Acquisition of New Shortwave Transmitters.

1. Maxoqueira conversion to Transmitter station	10	$ 202,800	-
2. Biblis modernization	3	89,000	-
3. Lampertheim modernization	3	89,000	-
	16	$ 380,800	-
Travel-Far East and Near East Transmitter Sites		$ 110,000	
Total	54	$2,349,200	$526,000
One-time administrative support costs		$ 332,600	

TAB E

One-time severance costs in connection with the establishment of Maxoqueira as an emergency program relay operation	1,065,200
One-time technical study for relocation and/or power increase of medium wave transmitter at Holzkirchen	225,000
Region One LF/MF Conference in 1975 allocated the frequency of 720 KHz at 150 KW for RFE/RL's Holzkirchen MWT. The probability of increasing power on this frequency is near zero because of the rigid LF/MF plan for Europe and the congested use of 720 KHz; however, it is necessary to enhance the signal level of the MWT. These funds will permit a thorough engineering study to determine the best means of enhancing RFE's MWT signal into Czechoslovakia and Poland.	
Total	$3,972,000

** One-time capital costs are included in the FY 1987 budget as a separate "No-year" funds request.

TAB F

FY 1987 Budget Request
One-time Capital Request

Administrative Capital

I. Munich Office - English Garden Building Expansion - $ 9,285,000

Budget planning levels for FY 1986 - FY 1988 anticipate a staff increase of approximately 340 employees, over 250 of which will be stationed in Munich. Assuming that the necessary permission can be obtained from the Bavarian Government, it will be cost effective to expand the current English Garden Building rather than renting outside office space to accommodate the staff increase.

The proposal to expand the English Garden Building

Will provide:	- 3,100 square meters office space (350 employees) - 400 square meters conference/training rooms space - 300 square meters warehouse space - 90 parking places (net gain) - Loading platform and freight elevator to receiving and storage area in basement
Will eliminate:	- Arabella annex offices - Dornach warehouse
Completion:	- Estimated at 2-1/2 years from date of presentation of plans to government authorities.

The plan calls for adding a bow-like structure at the rear which would be three floors in height (roof approximately 1-1/2 meters higher than the current level). Also included is underground construction of two levels of parking, providing 190 parking spaces (this covers the loss of approximately 100 parking spaces in the motor pool area). The net gain is 90 for a total of 290 spaces. This meets the legal requirements for parking spaces, based on the number of employees and the amount of space in building.

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Although the principal expansion project would be centered in the motor pool area, there would be an extension of the H wing along the back of the property connecting the H wing to wing F. This would turn the cafeteria patio area into a courtyard since this area would be the same height as the remainder of the building, with the maintenance and warehouse area in the basement and two floors of office space above.

The objective is minimal disturbance of appearance of the front of the building to assure maximum possibility of obtaining construction permission.

II. Security Improvements - English Garden Building - $300,000

Following the bomb attack in 1981 on the English Garden Building, an enhanced security program was undertaken. A wall was constructed around the building; the front entrance was reconstructed with enrolled and limited access features designed after U.S. Consulate specifications, including electronically controlled doors and bullet proof glass; a contractual guard service was engaged; shatter-proof glass was installed in all windows; a centrally controlled closed-circuit TV monitoring system covering the exterior of building and perimeter grounds and an external lighting system were installed; smoke detectors were installed; computer controlled access implemented for select areas of building; an intercom system was installed; and intrusion alarms were installed on fence and wall.

The following entry control system items are yet to be acquired to complete the security enhancement of the Munich Broadcast Center:

1. Explosives detectors - to detect explosives in cars, on persons, in packages, letters, etc.
2. Metal detectors - walk-through type to be used in emergencies to screen all visitors
3. Package Search System- X-ray inspection equipment to examine packages handbags, attache cases, suitcases etc.
4. Infrared intrusion detector between the two fences in the rear of the English Garden Building
5. Electronic equipment to locate surreptitious transmitters and recording equipment.
6. Computer Controlled Access System.

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In the recent past more terrorist attacks have taken place with American corporations being the main targets. RFE/RL has been the victim of more conventional attacks recently than at any other time and could also be the focus of terrorist-type attacks in the future. The above listed items are intended to deter such type of activity.

III.	Completion of Security Projects - Transmitter Sites - (including Schleissheim)	$ 475,000

The FY 1983 Supplemental provided funding to up-grade the security at the transmitter sites in Germany and Iberia. Old fences have been repaired or new fences constructed; fence alarms, intrusion devices, fire alarms, night vision devices, infrared alarms, radio equipment and video cameras have been installed, and perimeter lighting has been added. Funding, however, was insufficient to complete all the security measures.

Yet to be acquired:

A) Core Areas	$ 316,000

1. Infrared Intrusion Detection Equipment between the two perimeter fences

2. Additional cameras and monitors with an integrated alarm system, i.e. the cameras will automatically respond to specific area of the perimeter fence, and the video tape recorder will be activated in the event of an alarm.

B) Antenna Fields	$ 159,000

1. State-of-the-art closed circuit television cameras (CCTV) incorporating 10-1 zoom lenses, environmental controls (heater, sun shade, etc.), and pan-and-tilt motors for almost 360 degree operation. These will be placed on selected antenna bases to give cctv coverage of the far perimeter of the fields not normally visible at night by the guard on duty in the core area. Additional lighting will be added to the bases to illuminate the areas around the bases and aid the cameras in detecting movement in these areas. The signal will be transmitted via UHF signal and this will eliminate any need for running cables through the antenna fields thus preventing sabotage possibilities and interference from the radio frequency output of the antennas and feeding lines.

2. Infrared Intrusion Detection Equipment placed in selected areas of the antenna fields to detect persons approaching the antenna bases.

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IV. Computer Expansion $ 6,400,000

To date automated data processing (ADP) has been applied at RFE-RL on a relatively limited basis. The main applications have been the news processing operation in CND and the processing of administrative data, mainly accounting and payroll tasks. Other ADP applications have included: some data processing for engineering and the audience research sections (but latter has primarily been contracted out to other firms), and some limited word processing operations, primarily in the research departments.

After a number of extensive surveys and considerable planning input, it has become clear that there are significant benefits to be obtained from expanding what has so far been a skeletal computer system. Most importantly, ADP presents the possibility of both reducing the time lags involved in putting programs on the air and improving the quality of these programs. The potential benefits of ADP do not, however, stop with its direct application in the broadcasting services. Indeed, it is evident that, in order to take full advantage of the potential uses of ADP for improving programming, the various program support services (the Research Departments, the Monitoring Sections, the Engineering and Technical Operations Divisions, the Library, etc) will also need to have access to ADP facilities. Moreover, it is also clear that the more extensive use of computers in the administration division will carry with it significant returns by speeding up and streamlining administrative tasks, providing better managerial information, and reducing the need for secretarial/typist services. Accordingly, current plans envisage the expansion of ADP on a broad cross- section of the activities in the radios.

In the following, a summary of current plans for the expansion of ADP in RFE-RL over the years 1985-88 is presented. It should, however, be emphasized here that the budget estimates are based not only on the computer hardware necessary to fulfill these plans, but also on the computer software (i.e. programs) and manpower that will be needed to implement them.

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Central News Division

Because it was the first operational section at RFE/RL to make extensive use of computers, for Central News the period 1985-88 will be one of consolidation as far as ADP is concerned. The newswire computer system used in Central News is currently being extensively modified. These modifications were launched in order to allow the CND system to run on the new Digital Equipment Corporation (DEC) VAX computers currently being installed in Munich and Washington, and to enable it to be expanded to operate in the broadcasting services proper. Perhaps most importantly, however, the new system will provide RFE/RL with the ability to undertake direct, computer-to-computer communications between Washington, New York (initially via Washington) and Munich for the first time. The major initiative planned for CND over 1985-88 will involve the connection of the CND bureaus in Bonn, Brussels, London, Paris and Rome to the main system in Munich. Funds have also been set aside in the budget estimates to allow for an expansion of the computer storage capacity for Central News operations.

Broadcasting Services

As the focal Point of RFE/RL operations, the Broadcasting Services obviously have top priority in plans for the expansion of the computer system. The main goal here is to increase the speed with which programmers receive information and to increase the variety of available information. Current plans call for the introduction, in 1985, of the (modified) newswire system into all newsroom in RFE, as well as into the Belorussian and Ukrainian Services. The existing system used in the Russian newsroom will be modified (in accordance with the general modifications to newswire) and computer terminals will be introduced into all sections of the Russian Service. Beginning in 1986, the newswire system will gradually be expanded into the RL Baltic and Nationalities Services and into the remaining sections of the RFE Broadcasting Departments. Plans for connecting Russian terminals located in Washington and New York to the Washington computer (and thence to the central system in Munich) are about to be implemented. Over the next three years, current plans call for a rapid expansion of this pilot project with the ultimate intention of giving all RFE/RL journalists, regardless of their location, access to terminals which can communicate with any other terminal in the network. These plans imply the acquisition of a further computer (a DEC

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VAX 11/750) for Washington in FY 86.

When newswire is implemented, users in the Broadcasting Services will be able to:

-create, modify and/or translate stories in English an up to eight other languages (the languages available on a particular terminal will depend on the unit in which it is installed),

-store and retrieve stories and data in the central computer system (regardless of either the language in which they wish to communicate or their location in the network),

-transmit stories to other users and printers (so that journalists located in external bureaus will be able to send stories without delay to Munich), and

-create and maintain computerised files (e.a.bilingual glossaries, news backgrounders, obituaries, leadership lists etc.)

In practice this will mean that programmers and supporting journalists should be able to call directly on their computer terminal:

-stories from any of the Western and Eastern Wire Services available in-house (Reuters, UPI, TASS, PAP in Polish etc.),

-material prepared by the various monitoring desks in-house,

-the CND wire (the material currently appearing on white in the news budget), research papers, news backgrounders and data bank information prepared in the research departments, the Samizdat Sections of the library, and

-stories prepared by journalists in the various RFE/RL bureaus around the world.

The system has been designed so that it can be expanded to accept input of any +machine-readable+ text (ie. text produced on another computer outside the RFE/RL network). This means, for example, that we would be able to receive FBIS (the Foreign Broadcast Information Service) and JPRS (the Joint Publications Research Service) material directly, giving journalist immediate access to a valuable, up to date translation service for cross-reporting.

It is clear that once this system is implemented, RFE/RL can justly claim to have a state-of-the-art system for gathering information and producing programs.

Research Departments

To a large extent, improvements in the supply of information to programmers is a function of the resources allocated to the various support services and, of these, the research departments play a key role.

The RL Planning and Research Department and the RFE Research Department have both started using the computer for every-day activities. Thus, both departments have projects running where the computer is being used for word-processing. At this stage, these projects are too limited to provide any real returns. To date, terminals have only been located in the respective editorial units of these departments. Experience has shown that the system will not be significantly quicker than the old system based on typewriters until such time that the majority of research analysts can type their papers directly on computer terminals. Valuable experience has, however, been gained from these projects and it is to be expected that, with the gradual expansion of this word processing system. There will be a significant increase in the speed with which the Research Departments can provide programmers with papers. It is also to be expected that, as terminals are spread throughout these departments there will be a reduction in the need for typists.

Both Research Departments have also started developing data bank activities and it is to be expected that these data banks will gradually assume a pivotal role in providing information to programmers. The RL red archive has recently commenced a data base system which uses information collected from major soviet newspapers and RFE research has also a small pilot project for collecting data on Hungary. Over the period 1985-88, plans call for the development of data banks in both Research Departments. These will collect vital political, economic, and social data on the Soviet Bloc countries not readily available from any other source.

On top of this RL Samizdat has started a small pilot data base project, and plans are in train to develop a computer based archive and referencing system for Polish Samizdat material. These areas will be developed further.

While it is clear that the task confronting RFE/RL in this area is daunting in its size and complexity, there is every reason to believe that the Research Departments have the potential to complement their vital program support role by becoming the (repeat: the) major repository of computer based information on the European communist countries. Nevertheless, it should be clear from the outset that planned development of program support functions will require a considerable outlay both for computer hardware (computers, terminals etc.), software (programs to operate the data banks) and, most importantly, manpower (trained people to design and develop the data banks and people to enter data into them on a regular basis).

Other Support Services

Current plans call for the introduction of computer terminals in the Broadcast Analysis Department in order to facilitate the prompt analysis and translation of program scripts. However, until such time that the majority of program scripts are prepared on computer terminals, it is evident that the rewards from this project will be limited. At this stage, it would appear that by 1986 this limitation will be removed and, at that time, the introduction of computer terminals into this department would be worthwhile.

The Audience Research Departments of both RFE and RL have had a relatively long experience with data processing by computer. Until recently, however, this experience has been restricted to the not altogether satisfactory role of contracting processing tasks to outside institutions. Both departments have recently acquired microcomputers in order to run both statistical processing programs as well as programs for preparing departmental reports. Further developments over the period 1985-88 are to include the integration of these microcomputers with the central system in Munich to facilitate the rapid transfer of audience research projects to management and programmers.

Administration

International surveys conducted at RFE/RL indicated that significant benefits could accrue from the introduction of both data base management and word processing facilities into the various departments of the Administration Division. Indeed, as with the rest of RFE/RL it is evident that the introduction of word processing facilities in each department of the division would produce benefits in terms of labor savings, provide management with better access to information concerning the division and the radios as a whole, as well as help streamline operations throughout the division. In addition to this, each department in the division has special functions, the performance of which could be significantly improved with the provision of computer terminals and the appropriate computer software.

As has been noted above financial management has already been using computers for some time to facilitate data processing. Thus, to a large extent accounting and payroll processing have been primarily accomplished through computers for many years. Until now, however, these tasks have been organised so that the accounting and payroll employee have not had direct access to the computer. Instead, they have prepared data that is then passed on to the data center for processing. With recent advances in computer technology it is apparent that it would be more efficient to provide these sections with computer terminals to enable them to carry out their own data processing. On top of this it is apparent that there are considerable benefits to be obtained from the acquisition of financial management programs to facilitate financial planning in this department.

Similarly, it is clear that the data base management programs could be profitably employed in a number of departments in the division. Thus, in the personnel department such programs would be useful for managing personnel data ranging from personnel records to employee benefits and visa management. The General Services Department could also use data base management programs for a large range of inventory control functions, for the scheduling of various regular maintenance tasks as well as for administering the company housing scheme. Public affairs needs computer terminals to administer the mailing lists for subscriptions to RFE/RL publications, and the Security Services Department needs a data base management system for its records (for security reason it is planned to use a microcomputer that is separate from the central system here).

Finally, the demands for payroll, accounting and inventory control indicate the need for a computer in Portugal with connections to our offices in Spain.

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Engineering and Technical Operations

Currently data processing in the Engineering Division consists of antenna modelling, and radio wave propagation management, together with the management of the music library system. Plans call for the further development of these operations and the acquisition of hardware (terminals and printers) to facilitate modelling using graphics.

Technical Overview

Clearly, the plans outlined above imply a rather rapid expansion of computer processing at RFE/RL. It might therefore be appropriate to conclude this paper with a brief reference to the planned developments in the computer system itself.

Before settling on the current plans, RFE-RL commissioned a number of studies in order to determine what particular computer system is suited to our needs. Three broad options were available: 1) one large central (so-called "mainframe") computer with terminal linkages to the various users, 2) a number of smaller (+mini+) computers with a communications network connecting them and terminal linkages to various users, or 3) a larger number of microcomputers connected to each other in a computer network. After much consideration management opted for the second option, mainly because it offered better reliability and flexibility than option one and better communications possibilities than option three.

Having decided upon this system, detailed design work has led to the plan summarised above. The great advantage of this system is that it is extremely flexible. In particular, as claims on existing computers expand, new computers can be attached to the system without having to fundamentally reorganise the system. On top of this, the computers will be joined together in a network making it largely irrelevant which particular computer a user is connected to. By mid-1984, two new computers (DEC VAX 11/780's) will be installed in Munich. A smaller computer is also being installed in Washington (a VAX 11/750). While this configuration will satisfy immediate needs, it is apparent that within a short time, RFE/RL will need more computers. First, the two computers in Munich will become continuously slower as more users are connected to them, and secondly, the fact that the whole computer system in main (Oettingenstrasse) building will be based initially on just two computers does not offer a very wide margin of security: if one computer breaks down (or has to be taken down for maintenance) then all users will be switched to the other computer with a marked slow down in computer response time. If they both breakdown at once, then users will suffer by having to rely on less efficient back-up systems. For these reasons, the budget estimates for 1985-88 include plans for acquiring two more computers in Munich (again VAX 11/780's).

Total Administrative Capital	$ 16,460,000

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Technical Capital

The Engineering Division has developed plans for enhancing the RFE/RL transmitting system in order to meet the challenge of delivering an effective signal to its listeners in spite of the current high state of jamming and in spite of the continued crowding of the shortwave broadcast bands with high power transmitters.

These plans call for maximizing the operational flexibility of all existing transmitting stations through installing fully flexible transmitter to antenna switching systems which will allow any transmitter to be connected to any antennas at that station. This will significantly improve our ability to shape schedules to meet the programming needs of the various Broadcast Desks and improve our ability to respond quickly to needed schedule changes to improve out signals. In order to boost signals to competitive levels, current plans specify installing 12 new transmitters to replace existing, inefficient lower power transmitters and installing six new 500 KW transmitters in Portugal which will permit doubling the power in the RFE jammed services; in particular the Polish Service needs this boost in power. The addition of these transmitters will also allow for increasing the daily broadcast hours of the Baltic services.

RFE/RL, for many years, has engineered its stations in-house, resulting in a need for less construction funds and resulting in facilities, that are optimized for RFE/RL's special needs. An increased engineering directorate staff will develop project specifications, coordinate the projects with construction firms, and oversee the construction at the project sites. Additionally the field staffs and technical staffs need to be expanded to provide the support to other divisions that are expanding their operations.

RFE/RL currently does not have transmitting facilities that can deliver satisfactory signals into Soviet Central Asia and into Soviet Siberia. On March 22, 1982, the Board requested $140 million in funds to construct three modern transmitting complexes to ring the Asiatic portions of the USSR so that a satisfactory signal could be delivered into the needed areas. Funds for these new facilities will not be appropriated until the needed agreements have been obtained with the host countries. Dynamic changes in international broadcasting standards and the possible loss in scheduling flexibilities, due to modifications in the Radio Regulation, has necessitated that the 1982 plans be enhanced. Today's specifications calling for 26 - 500 KW transmitters, rather than 22 - 250 KW, and also the ability to combine pairs of transmitters in case sufficient frequencies are

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not available, have been incorporated in the revised plans. Funds, exclusive of lease fees, in the amount of $390 million will be required to construct these three facilities as soon as sites are found.

In this budget request, funds of $263,000,000 have been identified for the installation of 8 - 500 KW transmitters in the Far East and 10-500 kW transmitters in the Near East. These new sites will be joint ventures with the VOA.

I. Transmitter Site - Far East

This new transmitter site will be used for delivering RL programs in an arc covering the Maritime Provinces to the Lake Bikal region

Project Budget

Transmitters (8-500 KW)	$24,000,000	
Master Control	6,700,000	
Switch Bay	4,000,000	
Transmission Lines	8,000,000	
Antennas	32,000,000	
Power	10,700,000	
Site Work	6,700,000	
Powerplant Bldg.	2,000,000	
Power Distribution	2,400,000	
Transmitter Bldg.	8,000,000	$104,500,000
Construction Contingency (10%)	10,450,000	10,450,000
Design (4% S.A.D., 6% A/E)	11,500,000	11,500,000
QUID	4,450,000	4,450,000
Total		$130,900,000

II. Transmitter Site - Near East $132,000,000

This new site will be used for coverage of Central Asia, the Ukraine and European USSR. This coverage will require 10-500 kW transmitters, 15 curtain antennas and other needed technical installations at an estimated cost of $ 132 million. Five years is the estimated construction period after a suitable site has been found.

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III. Technical Facilities

A. Rehabilitation of existing facilities and replacement of obsolete items of technical equipment.

1. Modernization of technical monitoring facilities in Schleissheim, Berlin, Vienna, and Salonika - $84,000

The delays currently experienced between data acquisition at the monitoring sites and distribution of the end product in the form of intelligibility evaluation charts and band surveys are so long that the information has lost a great deal of its initial value. Purchase and installation of computer terminals at each site at a cost of $21,000 per site will allow for local processing and storage of monitoring data. Initially, processed data will be mailed to Munich for further processing; ultimately it should be possible to transmit data over high speed "dial up" data circuits. These changes will allow for speedier adjustments of broadcast schedules needed to keep signals effective.

2. Replacement of obsolete technical equipment; vehicle and office furniture replacement - $2,247,000

The planned equipment acquisitions will enable operation at state-of-the-art level.

Munich $ 565,000

100 Tape Recorders
1 OB Telephone System
1 House Monitor System
1 O.A.R. Direction Finding
  Receiver with antenna
Test Equipment
Teletype Equipment
High Speed Dubbing Equipment
Studio Clocks

Schleissheim $ 250,000

13 Shortwave Receivers
2 VHF Receivers
1 UHF Receiver
Test Equipment

Field Monitors $ 79,000

6 Shortwave Receivers

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Biblis Transmitter Site	$ 53,000
Test Equipment	
Lampertheim Transmitter Site	$ 53,000
Test Equipment	
Holzkirchen Transmitter Site	$ 32,000
Antenna field access roads Test Equipment Telex Equipment	
Pals Transmitter Site	$ 53,000
Test Equipment	
Gloria Transmitter Site	$ 95,000
Test Equipment Power Tools	
New York	$ 37,000
6 Tape Recorders Studio Equipment	
	$1,217,000

Vehicles as well as office furniture and equipment must be periodically replaced. In past years budget increases for inflation have not provided adequate funding for the acquisition of major equipment items requiring relatively infrequent replacement. This proposal establishes a program to replace vehicles and office furniture and equipment at the transmitting and receiving sites over a two-year period.

Vehicles (Transmitter Sites)	$ 815,000
Office Furniture and Equipment (Transmitter Sites)	$ 215,000
Total Vehicles and Furniture	$1,030,000

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B. Expansion and up-grading of existing technical sites and installation of new technical facilities.

1. Establishment of four content monitoring sites - $ 105,000

Schleissheim is geographically too distant from RFE/RL target areas to be able to receive local medium wave, long wave, FM and TV transmissions. Content monitoring sites, locations yet to be determined, would be established on the perimeter of the RFE/RL target areas to accomplish this monitoring. The sites would be staffed by local nationals (three at each site). Monitored material would be transmitted to Munich via telephone landlines or satellite circuits. Equipment requirements for each site are: 2 receivers, 1 tape recorder, and office furniture at a cost of $26,300 per site. Annual on-going costs will be $668,000 for the four sites.

2. Establishment of Maxoqueira as an emergency program relay operation - $ 105,000

Until the present, programs to be rebroadcast from the Gloria transmitting station have been relayed to Gloria through the use of shortwave radio point-to-point service between Holzkirchen and Maxoqueira. In order to improve the audio quality of the program relay to Portugal seven high quality land program lines have been ordered. These lines are projected to be operational in FY 1985. When the lines are in service, the high frequency program relay will be kept in a stand-by mode for emergency relay in case of line failures.

The reverting of Maxoqueira from a fully operational 24-hour daily operation to a limited stand-by operation will permit a reduction in staff of 17.

One-time equipment costs will be:

4 Collins 851S1 Receivers	$ 84,000
Remote Control Equipment	21,000

	$105,000

3. Copying and recording equipment for the proposed RL Sound Library - $25,000

It is planned to establish a RL Sound Library to collect, classify, store, and process for RL programming purposes sound materials, primarily but not exclusively in Russian, Ukrainian, and other languages of the Soviet Union. These include the more important pronouncements of Soviet leaders (past and present). One of the areas currently not taken advantage of is the use of actualities or sound clips from the original Soviet sources. These sound materials should serve two main purposes: to make the programs more intrinsically interesting from an auditory standpoint, and second, to provide through original (mainly Soviet) voices or sounds an authenticity that is lacking in the simple reading of quotations or in ordinary narration.

The establishment of the Sound Library will require the following equipment:

High speed copying equipment	$ 20,000
Tape Recorder and Cassette Recorder	5,000

	$ 25,000

4. Establishment of a reference recording program for all RFE Division languages - $ 223,000

Currently reference tapes are retained for six months. It is planned to expand the retention period to six years with a six year cycling of tapes. One-time costs for tapes and equipment are as follows:

Tapes	$212,000
Equipment	11,000

	$223,000

5. Installation of recording and broadcast studios in D.C. - $ 311,000

A proposal has been submitted to significantly expand Radio Liberty programming in Washington. This will require the addition of two additional studios in Washington. Costs are as follows:

Studio/Control room construction	$ 50,000
Studio/Control room equipment	211,000
Newsbooth construction	25,000
Newsbooth equipment	25,000

	$311,000

TAB F

C. Major Modernization Projects Involving Acquisitions of New Shortwave Transmitters.

1. Gloria Modernization, Completion of Second Phase - $13,000,000

Second phase Gloria modernization plans call for the installation of eight 250 KW transmitters to replace the existing four 100 KW and eight 50 KW transmitters and revisions in antennas and power station. The 1977 Presidential Study established minimum technical standards and minimum facilities' needs for RFE/RL. Experience has shown that 100 KW transmitters cannot always be scheduled to provide an effective signal in both the jammed and unjammed RFE/RL services. Therefore, the replacement of the existing 100 KW and 50 KW transmitters is now projected at 250 KW. In addition the ability of combining pairs of 250 KW transmitters for 500 KW operation will allow maximum flexibility of scheduling this facility over an eleven year solar cycle and significantly improve signals into all RFE service areas plus the Baltics and Ukrainian areas . Before we can install the transmitters we have to obtain the necessary modification of our lease agreement with the Portuguese Government.

Technical modernization funding in the amount of $ 77,250,000 has been approved for inclusion in RFE/RL's budget requests over FY 1986-FY 1988. These funds include $ 23,000,000 to begin the second phase of modernization at Gloria. An additional $13,000,000 is needed to complete the project.

TAB F

Following is a listing of the total costs involved:

GLORIA

I.	Remove 4-100 KW and eight 50 KW transmitters and install 8-250 KW Transmitters		
	Removal of old transmitters	250,000	
	8-250 KW transmittere	8,000,000	
	Installation kits, spare parts, spare tubes and transportation	3,000,000	11,250,000
II.	Building		
	Needed renovation to house new transmitters	500,000	500,000
III.	Transmission Systems		
	20 x 60 76 ohm coax switch matrix	9,000,000	
	60 BALUNS	1,800,000	
	Coax & hardware	500,000	11,300,000
IV.	Antennas		
	Upgrading power capacity of 16 curtains to 250/250 KW operation and 11 Rhombic antennas to 250 KW operation	8,000,000	
	Antenna combining facilities for 500 KW operation as needed	2,000,000	10,000,000
V.	Power		
	Conversion of existing power line from 30 KV to 60 KV	500,000	
	Expanding capacity of power station for 8 new 250 KW transmitters	1,000,000	1,500,000
VI.	Miscellaneous		
	Combining Control Equipment	1,250,000	
	Audio	100,000	
	Test Equipment	100,000	1,450,000
			$36,000,000

TAB F

2. Pals Transmitting Station - $4,411,000

The Playa de Pals transmitting station was constructed in the late 1950's, however, much of the transmitting equipment installed had been designed and manufactured in the early 1950's. It is now becoming difficult and expensive to obtain the needed components to keep these transmitters operating.

This request for funds will allow the oldest transmitter at the station to be replaced with a new modern efficient shortwave transmitter. By replacing the old 100 KW unit with a new 250 KW automated shortwave transmitter it will allow the scheduling of only 250 KW transmitters in the RL Services for this station.

Following is a listing of the costs involved:

PALS

I.	Transmitters Replace one 100 KW transmitter with one 250 KW transmitter		
	250 KW transmitter	1,583,000	
	Transportation, installation, spares	527,000	
	Duty & tax	1,055,000	

		3,165,000	
	Removal of old transmitter	115,000	3,280,000
II.	Buildings		
	Needed modifications to existing transmitter buildings and power substation building	230,000	230,000
III.	Power		
	Needed additional substation equipment	575,000	575,000
IV.	Miscellaneous		
	Technical equipment	211,000	
	Duty & tax	115,000	326,000
		---------	----------
			$4,411,000

TAB F

The following schedule shows current transmitter count and power as well as totals following modernization of Maxoqueira, Gloria, Biblis, Lampertheim and Spain as described:

TRANSMITTER COUNT AND TOTAL POWER

Sites	Actual Count		Operational Count		Post Modernization	
GLORIA	11	250 KW	11	250 KW	19	250 KW
	4	100 KW	8	100 KW		
	8	50 KW*				
	23	3,550 KW	19	3,550 KW	19	4,750 KW
MAXOQUEIRA	-	-	-	-	6	500 KW
					6	500 KW
PALS	5	250 KW	5	250 KW	6	250 KW
	1	100 KW	1	100 KW		
	6	1,350 KW	6	1,350 KW	6	1,500 KW
LAMPERTHEIM	4	100 KW	7	100 KW	9	100 KW
	6	50 KW*	1	20 KW	1	50 KW
	1	20 KW				
	11	720 KW	8	720 KW	10	950 KW
BIBLIS	8	100 KW	9	100 KW	10	100 KW
	2	50 KW*				
	10	900 KW	9	900 KW	10	1,000 KW
HOLZKIRCHEN	4	250 KW	4	250 KW	4	250 KW
	1	150 KW**	1	150 KW**	1	150 KW**
	5	1,150 KW	5	1,150 KW	5	1,150 KW
TOTALS	55	7,670 KW	47	7,670 KW	55	12,350 KW

* Normally combined in pairs to form 100 KW transmitters

** Mediumwave transmitters

D. One-time equipment costs in conjunction with staff augmentation.

1. Establishment of jammer evaluation - $316,000

RFE/RL has no means of keeping current on the state of the jammers used to jam its programs. Such information, in the recent past, has been obtained "second hand" from the BBC/VOA/Deutsche Welle. In view of the need for current accurate information about jamming, established at the first session of the HFBC-WARC, it is essential that RFE/RL have the means of gathering such data in-house. Perhaps an even more significant justification for current up-to-date jammer data is the need to include such information in our scheduling process. For example with such data and an enhanced computer system for schedule it will be possible to identify, for programming, the time of maximum probability RFE/RL programs can be heard.

A specialized monitoring group, consisting of seven employees, is planned for Schleissheim. One-time costs for equipment are as follows:

20 Receivers	$ 211,000
10 Tape recorders	16,000
10 Antennas	89,000

	$ 316,000

Total one-time Technical Capital Request $283,727,000

The CHAIRMAN. Thank you very much, Senator Buckley.

We will now commence questioning by Senators, with a 10-minute time limit as we proceed in the rounds.

My first question deals with the money for the transmitters and the budget that has been requested for the coming year. The increase is largely in the modernization program. I would like to ask any one of you who could furnish this information as to the justification for the modernization.

Obviously, as we take a look at each of the budgets, questions that will be raised by the Budget Committee and other Senators will center on changes that are upward given that we are in a period of general freeze. Now in order to justify this, will you for the record fortify why the additional money is required in this particular fiscal year?

Mr. SHAKESPEARE. Mr. Chairman, while we have discussed extensively in our presentation programming, the essence of broadcasting is a clear signal. If people cannot hear you, it is academic what you put on the air.

The international broadcasting spectrum has become increasingly crowded over the last 20 years as new transmitters from diverse countries with more power have gone on the air. That makes the spectrum more difficult. Second and more pertinently, in the case of Poland and Eastern Europe there has been highly intensified jamming on the part of the Soviet Union.

In generally addressing this matter, we are proposing to you a significant improvement of our signal capacity emanating from the

Iberian Peninsula and from Germany. We propose in Portugal to put in substantial new transmitting power which will improve our signal into places like Poland, Czechoslovakia, and the Baltic countries. In round figures, that proposal will cost, over 3 years, $78 million.

The first year of that will be $40 million in round figures, and what we are asking you to authorize for the coming year is $40 million. But in doing that you will really be approving a project which will be close to $80 million, as I said.

The CHAIRMAN. This is the first half of the Iberian project in this year, and you are going to ask for the second half next year?

Mr. SHAKESPEARE. Well, actually it is over 3 years. It is based on a cash flow basis. When you order transmitters, when you clear ground, when you build buildings, that sort of thing, it is approximately 3 years from the time you start to the time you actually put a signal on air.

The evolving situation, Mr. Chairman, in Eastern Europe and the Soviet Union, in our opinion, is so fermenting and so sensitive that to delay that process beyond 3 years to 4 years, or 5 years, or 6 years, would not be in the foreign policy interests of the United States, and that is why we urge you to let us get started with it in the present year.

The CHAIRMAN. Is this an increase in absolute terms? Is it a one-time capital situation?

Mr. SHAKESPEARE. Yes, sir.

The CHAIRMAN. It is divorced entirely from your operations, for which you are asking about $4,800,000 more?

Mr. SHAKESPEARE. Yes, sir; the $40 million for transmitting is essentially a one-time cost. It has nothing to do with day-to-day operations.

The CHAIRMAN. So the judgment of the Senate has to be whether this additional signal capacity as a foreign policy initiative is worth the money and whether it should be put in?

Mr. SHAKESPEARE. That is exactly correct, Mr. Chairman. That is the decision you must make.

The CHAIRMAN. Now describe to me just as a layman the differences in signals. I grant your point logically that programming is important but it misses the mark if the signal does not reach the listeners.

What is wrong with the present signal? Why do you need an enhanced signal and why from the Iberian Peninsula? Can you not get closer, or what is the situation?

Mr. SHAKESPEARE. The reason that we use the Iberian Peninsula is that in shortwave you cannot be too close because then your signal goes right over, and so you have to back up in shortwave. It is very different from medium wave. The Iberian Peninsula is, for us, an ideal location so that on a first hop basis of our signal we can put a signal into the countries and peoples we wish to reach, which are Eastern Europe and basically the Soviet Union west of the Urals.

The CHAIRMAN. How in more detail do you reach the Soviet Union?

Mr. SHAKESPEARE. We reach the Soviet Union in part from the Iberian Peninsula, and in part from the transmitters in Germany. I should point out to you that for all practical purposes our signal into the Soviet Union stops at the Urals. That is to say if you take that enormous mass of the Soviet Union running from the Urals east to Vladivostok, there is no effective signal in that area, and at a future time we will be coming to this committee to address that problem.

But at this stage we are talking about the Soviet Union this side of the Urals and Eastern Europe. I would point out, Mr. Chairman, that the overwhelming population of the Soviet Union is in the European part of the Soviet Union, that is to say, west of the Urals.

The CHAIRMAN. How does the quality of the signal from Germany compare with what you will have out of the Iberian peninsula?

Mr. SHAKESPEARE. We combine transmitters from time to time, and basically this is a merging. You cannot really separate one from the other. What we really need is a general upgrading of the signal strength into these areas. I would say that one of the key reasons for that is the increased intensity of jamming.

The CHAIRMAN. This is a question that has no answer in the sense that the Nielsen polls give us information about the United States, but I know you are constantly trying to evaluate who listens, and what kind of following you have. Can you give us any more information this year on that subject?

Mr. SHAKESPEARE. Michael Novak in his testimony indicated that in the Soviet Union our research estimates are that there appears to be a general increase in the listenership to Radio Liberty in the Soviet Union. In Poland, which is a critical country at this time for obvious reasons, the listenership appears to be at an all time high.

The CHAIRMAN. How would you know?

Mr. SHAKESPEARE. It is a very complex matter, and I should say to you, Mr. Chairman, that all of us, coming from U.S. journalism, where circulation and broadcast ratings have been our life, immediately almost as our first step questioned how do you know, because you put the signal out into these beleaguered and oppressed Communist societies and how do you know people are listening.

It is done by various methods, one of which is interviewing people who are visiting from those countries to the West in blind interviews. Ithiel de Sola Pool of MIT and a statistician from Harvard some time ago put together a mechanism to assess indirectly the listenership in these countries.

Ed Ney, who I mentioned is on this Board, is chairman and chief executive of Young & Rubicam. He probably spends more money on newspaper advertising and television advertising in the United States than any other person in the world. He has to assess their circulation. So they have a crackerjack research team. At our request he sent his researchers to talk with our researchers to determine whether the methods used by this organization were, in their opinion as professionals, appropriate.

They came back and said that in their opinion they were very reliable and could be used as methods of estimation.

The CHAIRMAN. Thank you very much.

Senator Pell, do you have questions for the witnesses?

Senator PELL. Yes. Thank you very much.

First, Mr. Chairman, I would ask unanimous consent that the report by Congressman Larry Smith be inserted in the record.

The CHAIRMAN. So ordered.

[The material referred to follows:]

MEMO TO: Dan A. Mica
Chairman,
Subcommittee on International Operations
FROM: Cong. Larry Smith
SUBJECT: REF/RL Oversight Visit

Findings:

RFE/RL is currently undergoing changes begun two to three years ago that require immediate attention. The combination of :

a) Merger of the BIB and RFE/RL boards;
b) an activist BIB;
c) reshuffling of top management; and,
d) removal of numerous language service personnel;

has resulted in an ideological shift and a further loosening od broadcast controls. In turn this has led to the broadcast of unacceptable material and probably of increasingly hardline rhetoric, as well as increased competition among the staff.

RFE/RL programming that have recently been broadcast that have fallen outside the Program Policy Guidelines (PPGs) have not occurred because of any systematic movement on the part of any individual, group or management of the dadios. It is our opinion that the instances of questionable programming have occurred because of deficiencies in several management related areas:

a) lack of pre-program audits;
b) ineffective or inconsistent pre-broadcast edit;
c) the removal of the position of Vice-President for Program Policy, resulting in placing the day-to-day program policy "police" work at the door of the President;
d) excessive intrusion by the Board for International Broadcasting into the daily operations of the radios. This is partly due to the activist nature of the current board, and is also the result of the merger of the BIB and RFE/RL boards;
e) recommendations of previous GAO and Senate Foreign Relations Committee recommendations have not been implemented; and,
f) controversy among staff over ideology;

Recommendations

1) Reinstitute the position of Vice President for Program Policy;
2) direct the radios, the Broadcast Analysis Department and the News and Research Divisions to report to the Vice President for Program Policy;
3) reinstitute formal pre-broadcast controls by establishing an Editorial Board comprised of representatives from different parts of each radios (i.e. BAD, Language Service and the Director of either radio);
4) review Program Policy Guidelines and initiate new criteria for the review of broadcast material prior to airing;
5) improve paper trails of action taken to explain and/or remedy program problems;
6) initiate a staff review of activities of the Board for International Broadcasting and the latter's relationship with RFE/RL Inc.;
7) direct the BIB to review personnel policy; and,
8) entertain the need for legislation restraining the involvement of BIB in the daily operations of RFE/RL Inc..

Radio Liberty
Report
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-TRIP REPORT-

OVERSIGHT OF OPERATIONS OF RADIO FREE EUROPE/RADIO LIBERTY INC.

At the request of Congressman Daniel A. Mice, Chairman of the Subcommittee on International Operations, Congresman Larry Smith (D-Fla), accompanied by Richard McBride, Staff Director, Subcommittee on International operations, Thomas Bruce, Staff Consultant, Subcommittee on International Operations and by Gardner Peckham, Minority Staff Consultant, Committee on Foreign Affairs, visited the headquaters of Radio Free Europe/Radio Liberty Inc. (RFE/RL Inc.) in Munich, West Germany, between February 11 and 13, 1985 in preparation for the upcoming budget authorization request for fiscal years 1986 and 1987.

Discussions with officials of the radios centered on the following subjects:

a) allegations of relaxed control of broadcasts;
b) analysis of programs (especially those of the Russian Service);
c) controversy among staff over ideology;
d) management of the radios; and
e) budget requirements.

The delegation held numerous individual meetings with officials of the radios, including:
-Senator James Buckley, President, RFE/RL
-Mr. Jay Gildner, Vice President, RFE/RL
-Mr.William Murphy, Director of Research, RFE/RL
-Mr. James Edwards, Director of News, RFE/RL
-Mr. George Urban, Director, RFE
-Mr. George Bailey, Director, RL
-Mr. Nicholas Vaslef, Deputy Director, RL
-Mr.Sam Lyons, Director, Broadcast Analysis Department, RFE/RL
-Ms. Romano, Broadcast Analysis Department, RFE/RL
-Mr. Victor Gregory, Director, Russian Service, RL
-Mr. Zdzislaw Najder, Director, Polish Service, RFE
-Mr.   , Acting Director, Czeck Service, RFE
-Mr. Victor Gray, Consul, U.S. Consulate General, Munich

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The delegation also met the following persons during a luncheon hosted by Senator Buckley:

- Mr. Vlad Georgescu, Director, Roumanian Service, RFE
- Mr. Edward Kuznetsov, Director of News, RL
- Mr. Kyrill Panoff, Director, Bulgarian Service, RFE
- Mr. Jaan Pennar, Director, Nationalities Services, RFE
- Mr. Garip Sultan, Director, Tatar-Bashkir Service, RL
- Mr. Laszlo Ribansky, Director, Hungarian Service, RFE
- Mr. Janis A. Trapans, Director, Latvian Service, RFE

The meetings were noted for their cordiality, frankness and thoroughness.

The radios are very important tools of U.S. foreign policy. However, it is clear that problems exist with respect to:

a) overall management;
b) relations between RFE/RL Inc. andthe Board for International Broadcasting (BIB);
c) broadcast controls;
d) personnel problems; and,
e) ideological control.

The Radios:

Radio Free Europe/Radio Liberty (RFE/RL) is one of the world's leading international broadcasters. Radio Free Europe (RFE) began its broadcasts to the five nations behind the iron curtain in 1950. Radio Liberty (RL) initiated its activities into the Soviet Union three years later. Both were set up as private corporations. The two Radios were merged into a single entity, RFE/RL Inc., in 1976.

RFE/RL is the leading western international broadcaster to Eastern Europe and the Soviet Union. RFE broadcasts reach 70% of the population of Eastern Europe while RL is listened to by an estimated 17 million Soviet inhabitants. 90% of its programs are produced and originate from the studios of RFE/RL Inc. located in two buildings in Munich, West Germany. In addition, the radios have bureaus in Washington, New York, London, Paris, Rome, Bonn, Brussels, Hong Kong and Islamabad.

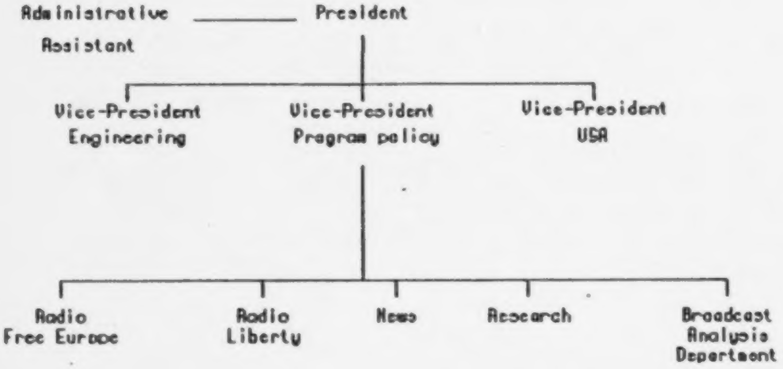
Transmitters:

RFE/RL operate five transmitting sites located at Gloria, Portugal; Playa de Pals, Spain; and, Biblis, Lampertheim and Holzkirchen, West Germany. In all, there are 46 transmitters. 45 are shortwave and one, recently acquired, is a 150KW mediumwave transmitter. These sites are linked to the studios in Munich by land cables and to the United States by satellite. This fairly large arsenal is required in order to overcome very intensive intentional interference occuring in most countries to which RFE/RL is broadcasting. RFE programs are not jammed in Roumania and Hungary.

Management of the Radios:

Since the merger of the two radios, in 1976, into a single corporate entity, up until approximately two years ago, the management of RFE/RL was the responsibility of the President of the corporation. The latter was assisted by three Vice Presidents for Engineering, Policy Program, and the third represented RFE/RL Inc. in the United States. The President also had an Administrative Assistant who handled such matters on his behalf. The President, as Chief Executive Officer, handled all relations with both the corporate board and with BIB in addition to the radios relations with the outside world.

The Vice President for Program Policy was the focal point with respect to overseeing the day to day activities of the radios. The Directors of Radio Free Europe(RFE), Radio Liberty(RL), News Division, Research Division and of the Broadcasting Analysis Department (BAD,post-broadcast review) reported directly to him. His responsibility was to ride herd over the radios, to ensure the quality and effectiveness of the broadcasts. As discussed below, the effectiveness of broadcasts controls depended largely on his willingness to force the respective radios to pay heed to the Program Policy Guidelines and the findings of the BAD for instance.



However, during the short period between the establishment of the new board and the appointment of Senator Buckley as President of the radios, the top management of RFE/RL Inc. was reorganized. One of the casualities of the reshuffling was the position of the Vice President for Program Policy which was eliminated. Under the new system, The President assumed, in addition to his regular responsibilities, those of Program Policy. What was once the responsibility of the Administrative Assistant became the concern of a new Vice President for Administration whose duties exclude policy.

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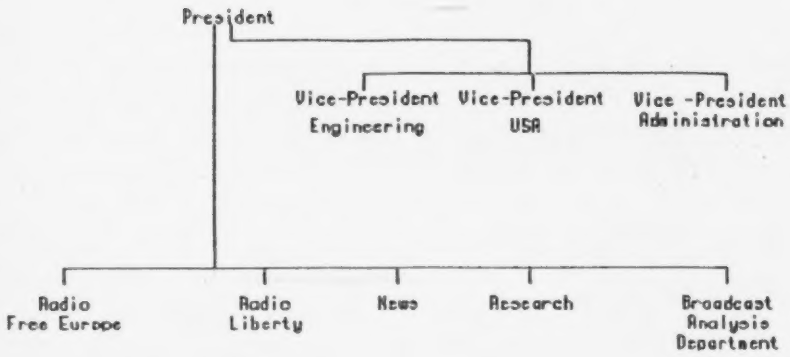

President
Vice-President Engineering
Vice-President USA
Vice -President Administration
Radio Free Europe
Radio Liberty
News
Research
Broadcast Analysis Department

In the past, the President of RFE/RL Inc. was the Chief Executive Officer. He reported directly to the Board of RFE/RL Inc. on all questions pertaining to the management and operations of the corporation. He also reported to the Board for Interntational Broadcasting (BIB), a distant federal funding and oversight mechanism created in 1971. Assisting him, was a Vice President who oversaw the dayly operations of the radios.

The reorganization of duties within the senior management of RFE/RL Inc. may have also encouraged the directors of the radios to go over the head of the President directly to the Board for International Broadcasting. Such situations were alluded to by staffers (query: didn't either Urban or Bailey actually boast of direct contacts with BIB?).

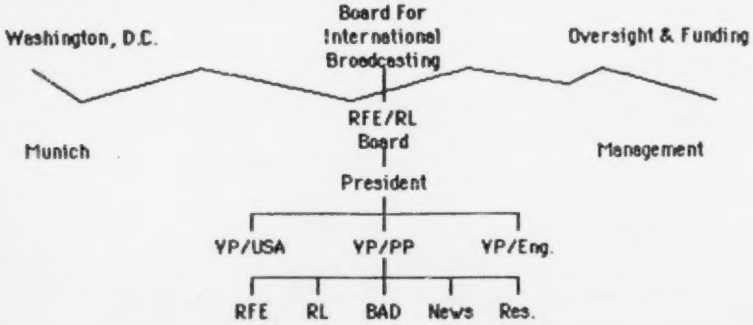
These changes have resulted in:
- -Overextending the President;
- -Downgrading the position of the President relative the Vice President;
- -Increase the leverage of the BIB;and,
- -Increase the independence of the Radios in the area of program policy.

U.S. Government Funding and Oversight:

Originally, RFE and RL were established, funded and run by the Central Intelligence Agency. This relationship continued until the end of the 1960s when the CIA's role in the radios drew public outcry.

Board for International Broadcasting:

This attention led to the rethinking of the relationship between Radio Free Europe/Radio Liberty and the U.S. Government. Finally, Congress passed the Board for International Broadcasting Act of 1971 (P.L. 93-129), creating a new, nine member, federal board whose duty would be to fund and oversee the operations of the radios. Under the law, The Board for International Broadcasting is responsible, in addition to assuming the funding, for overseeing two major aspects of the operations of the radios: (1) broadcast quality and effectiveness; and (2) effective utilization of federal funds. The corporate boards of Radio Free Europe and Radio Liberty continued to perform their responsibilities.Subsequently, in 1976, the two radios were merged into a single corporate entity. In summary, P.L. 93-129 created an unusual structure whereby BIB, as federal mechanism was established to fund and oversee RFE/RL Inc., a private corporation (with its own board).


Washington, D.C.
Board For International Broadcasting
Oversight & Funding
Munich
RFE/RL Board
Management
President
VP/USA
VP/PP
VP/Eng.
RFE
RL
BAD
News
Res.

In 1983, responding to evidence of increased friction between BIB and the corporate board of RFE/RL Inc., the latter feeling that the former was intruding too much and the former feeling that the latter was too independent, the Congress passed the Pell Amendment which merged the two boards into a single, eleven member board acting simultaneously as both, sui generis. The purpose of the amendment was to tighten the control of the federal government over the radios.

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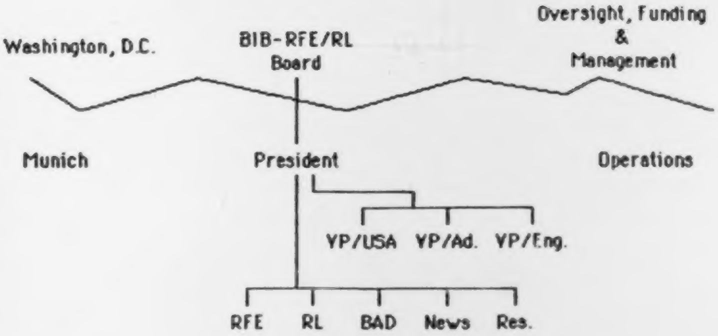

Since the merger of the Boards of RFE/RL Inc. and BIB, the distance and leverage of the federal entity has drastically changed. The Chairman of the Subcommittee on International Operations, Dante B. Fascell, and the Chairman of the Senate Foreign Relations Committee,Senator Percy, warned against undue intrusion on the part of the federal board. Congressional concerns centered around the possibility for an activist board to meddle in the daily operations of the radios. The purpose of the Board for International Boardcasting was one of oversight, not management.

The BIB may have strayed from that. Today, the BIB is very much involved in the operations of the Radios. The members of the Board are often in Munich reviewing on aspect of the radios' operations or another.In commenting on the Western European Advisory Committee, a group of distinguished Western European individuals advising the radios, Mr. Frank Shakespeare ,Chairman of BIB, described it as "RFE/RL Presodent Buckley's Advisory Committee." However, he stated that he likes to attend each meeting of the W.E.A.C..

It is apparently common knowledge in Munich that the Directors of the radios were hired by the Chairman of the Board for International Broadcasting. In fact, some even volunteered the fact that George Urban, Director for RFE, was hired in total disregard of the views of the President of RFE/RL Inc.. Other intimated that, as a result, both Directors of the radios "beat up" on Buckley.

In the end, it appears that greater latitude may have devolved to the Directors of the radios, the direct opposite of what Congress had intended, as a result of both the change in the Boards and the reshuffling of senior management. BIB, in an attempt to involve itself in the daily operations of RFE/RL, has weakened the position of the President, eliminated the Vice President for Program Policy, resulting in a de facto increase in independence of the individual radios.

Finally and most importantly, in our estimation BIB can no longer objectively oversee, as directed by law, the radios as a result of its active involvement in daily operations.

Personnel:

The radios are also unique in another way. Its personnel can be, and has been, best described as a "continually boiling pot". As long as the core of the staff is comprised of the various waves of intellectual emigres from the east, it will be plagued by intensive competition and infighting among the various groups. In this respect, it is amazing that it has not boiled over to any greater extent than documented herein. Officials of the radios recognized the problem and stated that it was the cost one has to bear in this particular situation.

RFE/RL does not have a comprehensive personnel system (no job discription, evaluation etc.). An operation of 1700 employees without such a system is unheard of these days. It has made it almost impossible to terminate anyone without cause. This should be of particular concern since the German labor laws are extremely stringent. With the kind of documentation this type of system provides, the radios have very little chance of winning their cases before the labor courts. The Vice President for Administration, however, has taken the lead to try and correct this situation. He has contracted with a well known management firm in the United States familiar with German Labor laws to come forth with a new personnel system. Over the years, much of the personnel problem has been blamed on German labor laws. However, no attempt has been made until recently to correct the situation.

Control of Broadcast Material

Prior to the visit of the delegation, there had been a number of incidents involving programs aired containing material falling outside of the Program Policy Guidelines of the radios. Some programs were characterized as anti-semitic, others as anti-catholic or even anti-western. A review of a large number actual broadcasts transcripts and discussions with radio officials tend to indicate that the questionable broadcasts were not the product of direct malicious efforts on the part of anyone in particular. Although previous reactions had been to defend the programs, everyone acknowledged how unfortunate these programs had been. Given both the large number of original hours of programing produced each week (in excess of 5,000 a year) and the interaction among the various emigre groups, we found that they may have reached the air as a result of virtually inexistant pre-broadcast controls, a less than sensitive review and possibly an ideological change in the approach to the broadcast material.

Following are brief descriptions of typically questionable programs:

March 8, 1985

1. (1/13/84) An RL program "rationalized" a series of 1919-1920 Cossack pogroms against jews in the Ukraine by noting that many jews had volunteered to join the Bolshevik cause;
2. (5/6/84) A religious program recalls that Pontius Pilate despised the Jews who denounced Jesus. The program included a quote by Russian Orthodox Archbishop Anthony Zhenevsky stating "the atheists, in their hatred of Christ have gone even farther than the Jews";
3. (6/20/84) A program suggests that the Poles, and the Jews, led to the triumph of communism. A previous broadcast had praised the White Army general, Baron Von Wrangel.
4. (6/30/84) An RL broadcast gives a positive description of the Nazi Unit "Galizien". This unit was responsible for allowing Ukrainians to murder thousands of Jews in Lvov.
5. (8/21/84) Another program suggests that Jews keep trying to debunk the resurrection by suggesting that Christ's disciples stole and hid his body.

More recently two controversial programs were aired, one by RFE and the other by RL. These deserve particular attention:

Book Report/Commentary on "August 1914"(Solzhenitsyn)

This program drew media attention. It was a commentary by a jewish Professor at the University of Vermont on a passage of Solzhenitsyn's book describing the murder of Piotr Arkadyevich Stolypin, Chairman of Russia's Council of Ministers on September 14, 1911. The denigrating descriptions of the murderer Borgrov, a jew, and several unfortunate references to among others "The Protocols of the Elders of Zion"("a well known vile anti-semetic forgery")were viewed by many as examples of anti-semetic propaganda being aired by Radio Liberty.

In light of the heavy jamming Radio Liberty must overcome (i.e. the reception may not be clear enough for the audience to pick up the nuances of certain broadcasts)and the tenuous situation of Soviet jews, radio officials agreed, following our discussions, that this particular program lacked sensitivity and could have been easily misunderstood. They also agreed that probably should not have been aired.

Discussions revealed that this program was aired during the weekend and did not undergo the "usual" review due to the absence of the Director of the Radio and of the editor who would have reviewed this particular program. However, they probably would have aired in any event.

Officials explained that it was vital for Radio Liberty to use such material for their historical broadcasts for two reasons. The first is that the radio must strive the bring to its audience material it is denied. Given the importance and reputation of Solzhenitsyn, Radio Liberty claims to have felt compelled to broadcast his works to those who cannot avail themselves of these works. Secondly, "August 1914" deals with an historical issue offering an opportunity to raise several important "what if" questions. An important mission of the radios is to counter any efforts by the Soviet leadership to rewrite history. In this case, the discussion of the murder of Stolypin permitted the Radio to ask its audience whether Stolypin could have led that country toward democracy had he lived.

In an attempt to explain the purpose of the broadcast, Mr. George Urban, director of RFE, said that " the difficulty with the russian Service is that it is extremely difficult to find a democratic peg in Russian history to which future changes can be linked."

Aside from the anti-semetic allegation, one cannot but wonder whether such conjecture serves the interests of the United States.In the case of the Soviet Union, an attempt to justify a future move toward democracy on the basis of a past experience may inadvertently associate the United States, in the eyes and ears of the audience, to a regretable non-democratic past.

The Parody of a Hitler speech

Earlier this year, the Department of State dissociated itself for the first time in history from a broadcast of Radio Free Europe/Radio Liberty, and apologized to the Government of Poland.

The broadcast that gave rise to that situation was an allegedly clearly identified satire. "A transparent parody of a speech of Hitler that attempted to illustrate the similarities between the National Socialist and Communist slogans. However, the Polish Government accused the Radios of comparing General Jaruzelski to Hitler. Mr. Najder, Director of the Polish Service, vehemently denied that accusation and stated, as he did in a letter to the editor of the Los Angeles Times, that his service"broadcast, with attribution, fragments of a spoof-a parody of a Warsaw satirical weekly Szpilki, published by Polish writers in the West." Najder stated that the text was not a real speech of Hitler. Rather, it was a section of the spoof dedicated by the editors of the parody to General Jaruzelski. He categorically denied that the text was authored by Radio Free Europe.

Mr. Najder also questioned the retraction made the Department of State for two reasons. First he stated that the polish Government did not respond until a week later because, he speculated, they needed to assess the impact such an accusation would have in the larger scheme of things. He also pointed out that, in an attempt to mask the delay between the Polish Government's response and the actual broadcast, the accusation falsified the broadcast date.

Program Policy Guidelines (PPG)

Throughout the discussions, senior managment often referred to the Program Policy Guidelines, which date back to the early days of the radios, as the rule of thumb in producing programming for RFE/RL. However, in certain instances, these guidelines seem to be overlooked. In certain cases, some are violated while others are being adhered to in the same broadcasts.

On several occasions attempts were made to further clarify why the questionable broadcasts were aired since each one, in one way or another, violated one guideline or another. Those interviewed were generally quick to point out how the program in fact met some of the guidelines and was within the objectives of the radios. They never really faced the fact that either management had failed in its enforcement of the PPG or that some guidelines were being simply ignored.

The discussions did not point to a single good example of its enforcement, largely because no paper trail exists. Actually, reference to the "PPG" was made only in explaining away certain embarrassing incidents.

Finally, it is noteworthy to remember that Mr. George Urban, RFE Director, stated both in his oral response during the visit and in his letter of dismissal that Mr. Otto Pick was being relieved from his duties as Director of the Czeck Servive because he had failed to live within the guidelines. During a meeting in Washington prior to the visit to Munich, Mr. Pick vehemently denied that fact. He went on to say that it was hypocritical to invoke the PPG to explain his firing since they were being disregarded when they really counted, during broadcast.

Broadcast Controls

The apparent lack of enforcement of the PPG and, as indicated above, the erosion of clear impartial pre and post-broadcast controls could jeopardize both the quality, the objectivity and the credibility of the broadcasts. This is aggravated by a certain "editorial myopia" that exists among the staff of the radios. Today, the review of material rest almost solely on the individual editors of each language service. Officials acknowledged concern that editors may consciously or even subconsciously favoring the material of friends while vetting out the work of foes. This is particularly significant given the large number of factions existing among the various waves of emigres who staff the radios.

1) Pre-Broadcast:

During the discussions with a variety of officals concerned with the control of content, we learned that pre-broadcast controls have been seriously eroded.

Mr. Sam Lyons, Director of the Broadcast Analysis Department, the entity responsible for post-broadcast review of broadcast content, explained that the old system had been officially removed in 1976 when the two radios were merged. His assistant indicated that ,at the time, the removal was well received by the staff who felt that pre-broadcast controls were a form of unnecessary censorship. However, they both stated that the pre-broadcasts controls were maintained informally throughout the radios. This practice was discontinued when Messrs. George Bailey and George Urban took over the direction of their respective radios. The trend has continued in the last two years.

Information collected during these meetings indicated that RFE/RL rely almost entirely on the vigilance of the editors of each of the 21 language services to identify unacceptable material. This arrangement has, according to certain officials, has led to situations where certain editors would favor the programs of friends and block that of foes. This is significant in view of the numerous rival groups within the staff of the radios. This is reminescent of the fox guarding the henhouse.

In the absence of an impartial broadcast reviewer, one must question howa language service writing and editing a particular program can be expected not to air it.

a) Radio Free Europe:

Mr. George Urban, Director of RFE, stated that, unlike RL, his radio does not rely solely on the editors of each language service to ferret out questionable material. He personally uses two other venues to oversee the daily output of RFE. First, he relies on the daily "budget meetings" at which the day's programing is reviewed, to "inspect the content". In addition, he circulates periodic "pink memoranda" providing policy guidance.

These mechanisms appear to be useful for policy guideline purposes only. However, a review of the "pink memoranda" did not reveal their usefulness in improving the editor's ability to identify questionable broadcast material.

Mr. Urban invited us to attend the next morning's "budget meeting" to see for ourselves how his radio carefully reviews its program content prior to broadcast. The following summary of that meeting supported the delegation's suspicion concerning the effectiveness of current pre-broadcast controls.

After questioning each Language Service representative on their respective programs for the day, Mr. Urban turned to a staffer in the room to ask for an update of the latter's review of the report (2000 pages) of the Judge in charge of the investigation into the attempted assassination of the Pope. Following the presentation of his work, Mr. Urban asked the staffer how many broadcast installment could be extracted from the material. Upon being told that there was enough for twelve episodes, the Director asked when the material would be ready for airing, whereupon he was told that four installments had already been broadcast. (sic)On the basis of this small incident, it becomes clear that it is very difficult to control content, let alone keep track of what is already on the air, in the absence of adequate controls.

b)Radio Liberty:

According to many, problems occur most often at Radio Liberty currently under the direction of Mr. George Bailey. The pre-broadcast controls dismantled after the merger were maintained periodically under Mr. Bailey's arrival. Since, it appeared this radio relies mostly on the vigilence of its editors to detect and remove undesirable material prior to broadcasting. However, it is doubtful that effective control is maintained over the editors of radio Liberty in light of the fact that the Director is frequently absent. This is further exacerbated by the continual infighting among emigres groups which, in itself does not facilitate adherence to the guidelines.

2)Post-Broadcast:

Even more worrisome is the fact that the effectiveness of post-broadcast analysis and review may also be eroding.

The Broadcast Analysis Department is responsible for reviewing the broadcasts of RFE and RL after airing. Its efficiency is largely dependent on the willingness of the management, to which it reports, to use it and enforce its findings. Up until a little over two years ago, the Broadcast Analysis Department (BAD) worked directly with the head of each radio with the support of the Vice-President for Program Policy.

However, since the reorganization of the top management of the radios, BAD which used to report directly to the Vice-President for Program Policy, reports to the President. The latter now decides whether or not the particular radio should be notified and how corrections would be implemented. It ~~was thought~~ that this new arrangement would increase the involvement of senior American management. Yet, it may have distanced BAD from the radios. The conspicuous absence of a Vice-President with no responsibility other than to closely oversee the programming of each radio, has resulted in less attention devoted to review of broadcasts.

This situation is further aggravated by an unsatisfactory paper trail documenting actions taken in response to findings made by BAD. Currently, when BAD discovers anything warranting attention, it reports the facts to the President who, in turn, reviews the matter and decides whether or not to follow up with the radio in question. In the event he decides to take up the matter, he will notify the director of the radio. Under the present arrangement, there is no paper trail back to the President from the head of the radio in response to his query. Consequently, there no is record of actions taken to explain and or remedy program problems. In short, the effectiveness of BAD, currently totally dependent on the support of the President of RFE/RL Inc., may have been diminished.

When questioned about the role of BAD, senior management and Mr. Urban, Director of RFE, were quick to point out that BAD is represented at daily policy meetings. However, the same people could only offer assurances with respect to the amount of attention given to BAD's post-broadcast reports. Unfortunately, neither radios have been required to respond to BAD reports in writing, a situation which must be corrected immediately

In essence, the radios have gradually grown out from under independent(i.e. seperate from the radio director) pre and post broadcast controls. Currently, the final control is in the hands of editors who respond directly to the head of the particular radio through the chief of the language service. In the absence of the Director of the radio and/or the language service director, the burden falls onto the editor who, in many cases, is not an American.

Mr. Lyons(Dir/BAD) supported the strengthening of BAD, and approved the reinstitution of formal pre-broadcasting controls, especially where free-lance work is concerned. He indicated that this would not require addtional personnel.

It should be noted that the radio directors are opposed to stregthening post-broadcast analysis and to reinstituting any form of pre-broadcast controls. They claimed that it would stifle creativity and revive censorship.

Politicization

There seems to be a direct corrolation between the lack of enforcement of the Program Policy Guidelines and rumors of politicization of the radios.

Rumors of politicization of the radios first surfaced last year in an article in the Washington Post (date). At the time, it inferred that Mssrs. George Bailey and George Urban were attempting to promote a much less subtle uniform anti-communist line throughout the radios. Complaints since then have been received. Some fear that Mr. Urban agres with those who believe that the broadcasts to Romania and Hungary were obviously too soft because neither government bothered to jam the broadcasts of Radio Free Europe. While it is difficult to prove such allegations without reviewing large amounts of transcripts in order to identify such trends, there is evidence that the two directors have attempted to move the radios in that direction with the obvious implicit approval of the Chairman of the Board for International Broadcasting. Discussions with both directors revealed that they are motivated by a drastically more ominous view of events in the East. The situation in Eastern Europe and the Soviet Union is so tenouous that the Soviet Union could be on the verge of collapse. Their views regarding the situation was almost too dramatic. However, their purpose in painting such a dark picture was to imply that we should push harder so that we can precipitate the fall of the Soviet Union.

Other interviews with various staff members indicated the following:

a) the tone of the broadcasts have certainly been morehardline and directly critical than under previous management;

b) there is clear evidence of a conservative approach to "propaganda" being imposed throughout the radios. the reluctance of both radio directors to broadcast the news surrounding President Reagan's "Bombing will commence in five minutes" joke during last fall's campaign was cited as an example.

c)On anther occasion, shortly after last fall's election, Mr. Frank Shakespeare, Chairman of the Board for International Broadcasting requested to meet with the entire editorial staff of the news staff. Once assembled, he lectured them about the coming of the conservative millenium. Certain American editors, offended by this sermon, questioned his motives and wondered why he would attempt to influence news editors whose sole responsibility is to report the news, as it is, not to produce commentary. Mr. Shakespeare accepted the remarks and left.

d)Since the arrival of Mr. George Urban, three of six heads of services of RFE have been replaced. These were the Directors of the Czeckoslovak, Bulgarian and Hungarian Services. In each case, Mr. Urban has stated that the persons were removed for largely administrative reasons.

For instance, he stated that the head of the Bulgarian Serive was removed because he was too old and feeble. Discussions with other officials argued that the Director of the Bulgarian Service was removed for political reasons.

In discussing the dismissal of the head of the Hungarian Service, Mr. Urban admitted that the former had been removed for substantive reasons. He claims that the Service had mitigated its broadcast content to such an extent that people call it "Budapest 3". "Budapest 1 and 2" are the official radios of the local government. Staff viewed this firing with particular trepidation, first, becasue Mr. Urban is hungarian and has not been back for a long time. Secondly, staff felt that this move reflected the Director's desire to promote a more uniform anti-communist hardline throughout the services rather than allowing each radio service to adapt to the subtleties of each country.

e)The opening of the bureau in Islamabad has created a stir. Originally, the purpose of the new bureau was to collect information on the Muslim world and Islam for broadcasting into the Muslim regions of the Soviet Union. However, staffers expressed concern that the bureau was spending too much time covering the war in Afghanistan, thereby affecting the balance of the news from that region.

f)When the news bureau in Islamabad was opened, Mr. Bailey told the correspondent who was hired for that purpose that he"can go to Islamabad. But I won't be looking for your work. I have no intention to use any of your reporting. In any event I have already sent one of my own person there". The correspondent declined the assignment and was sent to another bureau. Discussions revealed the correspondent was chosen by the News Service after the latter had considered another candidate handpicked and approved by Mr Bailey and Mr. Shakespeare, and perhaps others. In the end, a member of the staff of the News Service was assigned to Islamabad. We learned that the latter had written a letter to the new management welcoming "their conservative outlook".

g) Several staffers disputed Mr. Urban's explanation for the recent dismissal of several directors of language services, He tried to explain his decision to dismiss Mr. Otto Pick again on Administrative grounds. However, he also pointed out that Mr. Pick was obviously out of touch with his native country which he left some 40 years earlier. On this latter point, Mr. Urban omitted to indicate that he too had left his native country many years earlier. Yet, as mentioned earlier, the reason for dismissal used officially was that Mr. Pick had failed to live within the Program Policy Guidelines. Mr. Pick was so incensed that he travelled at his own expense to Washington D.C. to meet with officials of BIB, NSC, RFE/RL and the House Committee on Foreign Affairs. The purpose of the trip was not, according to him, to keep his job, rather to inform those responsible in Washington of the political changes bein effected by Msrs Urban and Bailey at the radios.

h)The trend to replace directors of language services has ominous overtones as it is related to ideological shifts.

i)Most staffers who commented on the changing coloration of the radios, were principally concerned with the impact it would have on the credibility of RFE/RL. None appear to approach this issue with a particular axe to grind. In particular, Mr. Edwards, Director of News regretted the "black and white approach" that seemed to prevail.

Conclusion

The radios remain important tools of U.S. foreign policy especially in the context of East West relations. However, a series of changes that have occurred over the last two to three years have begun to affect RFE/RL's mission and credibility. A new atmosphere has been introduced over the last years, one of increasing politicization.

The merger of the Board for International Broadcasting with that of RFE/RL Inc., combined with the reshuffling of senior management and the subsequent series of personnel firing within the radios has resulted in the promotion of certain ideological views over others. The most glaring example pertains to the influence of Alexander Solzhenitsyn ever Radio Liberty. The combination has thus resulted in further aggravating a perpetually sensitive staff situation.

These changes have completely altered the mesnagement of the radios. Currently, RFE/RL is, to a large degree, "run" from Washington by the Chairman of BIB. We found that if it was not the latter who went over RFE/RL President Buckley's head directly to the radios, the directors were going directly to the BIB Chairman in Washington.

While it is very difficult to prove without reviewing a vast amount of broadcast material, it is clear that the tone of the broadcasts has changed. According to the wisdom of the directors of the radios, the hardening rhetoric will reap benefits for the West soon enough. At the same time, the control of broadcast material is becoming more erratic. One unfortunate result of the combination of loosening of controls and shifting of emphasis, is that unacceptable broadcasts are being aired, and the credibility of the radios could be jeopardized.

RFE/RL programming that have recently been broadcast that have fallen outside the Program Policy Guidelines (PPGs) have not occurred because of any systematic movement on the part of any individual, group or management of the radios. Yey, it is our opinion that the instances of questionable programming have occurred because of deficiencies in several management related areas, including a lack of overview, perhaps intentionlly, of the various emigres groups.

Deficiencies existing are:

a) lack of pre-program audits;

b) ineffective or inconsistent pre-broadcast edit;

c) the removal of the position of Vice-President for Program Policy, resulting in placing the day-to-day program policy "police" work at the door of the President;

d) excessive intrusion by the Board for International Broadcasting into the daily operations of the radios. This is partly due to the activist nature of the current board, and is also the result of the merger of the BIB and RFE/RL boards;

e) recommendations of previous GAO and Senate Foreign Relations Committee reports have not been implemented; and,

f) controversy among staff over ideology;

Recommendations

1) Reinstitute the position of Vice President for Program Policy;
2) direct the radios, the Broadcast Analysis Department and the News and Research Divisions to report to the Vice President for Program Policy;
3) reinstitute formal pre-broadcast controls by establishing an Editorial Board comprised of representatives from different parts of each radios (i.e. BAD, Language Service and the Director of either radio);
4) review Program Policy Guidelines and initiate new criteria for the review of broadcast material prior to airing (this could include condensing the PPG so as to make them, more understandable and effective as a guidelines);
5) improve paper trails of action taken to explain and/or remedy program problems;
6) initiate a staff review of activities of the Board for International Broadcasting and the latter's relationship with RFE/RL Inc.;
7) direct the BIB to review personnel policy; and,
8) entertain the need for legislation restraining the involvement of BIB in the daily operations of RFE/RL Inc..

Senator PELL. Thank you.

Mr. Novak, you pointed out that you have started to study the GAO report, the draft report which we all have before us, and in due time we will receive your reactions. I would suggest due time should be before Tuesday, because we start marking up the bill on Tuesday.

Mr. SHAKESPEARE. Before next Tuesday, Senator?

The CHAIRMAN. Yes, that is correct.

Mr. SHAKESPEARE. That is going to be very tough for us. Today is Friday and you are thinking of getting our response to the GAO report in your hands by Tuesday?

Senator PELL. Yes. We will call it Monday.

Mr. SHAKESPEARE. I do not think any members of this Board are going to be in Washington on Monday.

Senator PELL. Well, we would find it difficult, I think, to move ahead with the markup if it is left hanging.

Mr. SHAKESPEARE. Well, in that circumstance, Senator, we will do the best that we can, but we only got copies of this on Monday of this week, and we just gathered here on Tuesday and Wednesday of this week to prepare for testimony before the Senate Appropriations Committee. All day yesterday we were preparing for this hearing.

We really have had no time to seriously study this matter of the GAO report. It is tough for us.

Senator PELL. The little chance I have had, and I hope you will stay around because Miss McCabe of GAO will be following you to discuss her report, the GAO report. I would like to ask the chairman whether it wouldn't be hard to mark up the bill with the GAO report hanging in the breeze?

The CHAIRMAN. It would be difficult. I think our predicament is this. I ask the Board's indulgence. There are only so many days available to this committee to mark up the subject at all, and we are going to be proceeding into the recess and the budget resolution will come before the Congress. This committee will be dealing with that.

We have Tuesday and Wednesday in essence to attempt to do our duty with regard to the State Department authorization and the Radios, and other independent agencies. There are really five bills all together. I appreciate the problem. It is no one's fault the GAO has just reported and we just all have the reports and so forth, but this is the timeframe in which this will come to be an issue.

So if you could be responsive it would make our markup a much more satisfying one in terms of having both sides of the question.

Mr. **SHAKESPEARE**. May I ask a procedural question, Senator Pell? Of course, the markup will relate primarily and extensively with our request for funds. Do I understand that you also are considering legislation in the markup about the internal programming activities of the Radios?

Senator **PELL**. Some of us may. Also the generosity with which we handle your request will be in part determined, at least in the case of some of us, by the response you make to the GAO report. So I am sure the chairman would be agreeable to postponing the markup of the BIB legislation to the end of Wednesday, to the last of the bills we have to consider, but it obviously would not be appropriate to go ahead and mark up a bill dealing specifically with the subject of your organization.

Mr. **SHAKESPEARE**. You want it Tuesday if you can, but at the very latest you have to have it Wednesday morning? Is that the situation?

The **CHAIRMAN**. That would be my understanding.

Mr. **SHAKESPEARE**. Yes, sir; we understand that. We will do our best.

Mr. **WATTENBERG**. As it stands now, Mr. Chairman, my understanding was that an agency involved in a GAO investigation is given 30 days to prepare a response, so that the GAO itself can amend its report. That report is only an internal draft itself, because GAO has not heard our response yet.

Senator **PELL**. That is correct. This is a draft report made available to you, and to us as the requesters. It will not be a final report until you have cranked in your response. By the same token, we have another separate responsibility—nothing to do with the GAO report—to mark up your authorization in a reasonably intelligent manner.

Mr. **WATTENBERG**. But if there are, for example, errors of fact in that report, is there any mechanism between now and Tuesday or Wednesday that we could talk to the GAO and say, you know, here is an error, and an error and an error, and then you all in your wisdom could consider the final distilled version of that report?

Senator **PELL**. You will have two opportunities, one in about 30 minutes, when Ms. McCabe is here and you are here. You can say what you think is wrong. And, second, let us know by Tuesday what is wrong.

OK, thank you. I have a few more questions, if I may.

The **CHAIRMAN**. Please proceed.

Senator **PELL**. In connection with the broadcasts, do you have a separate Slovak and Czech broadcast or do you have one Czechoslovak broadcast?

Mr. SHAKESPEARE. I will ask Mr. Buckley to respond to that, sir.

Senator BUCKLEY. We have a single Czechoslovak desk. However, we have broadcasts in Czech and broadcasts in Slovak, and obviously with Slovaks dealing with Slovak programming and Czechs for their own. The approximate ratio is 60 percent of our broadcasts are in Czech and 40 percent in Slovak.

Mr. SHAKESPEARE. Senator Pell, Michael Novak wants to make a brief observation on that matter also.

Mr. NOVAK. There has been a considerable agitation, as you know, in the Slovak community to make a separate service. We have steadfastly argued the position of U.S. foreign policy, that we recognize the Federal Republic and the Federal principle and therefore have one service.

But so far as what goes on the air, a portion of it is in the language Slovak and a larger portion by far of the language Czech. And those Slovaks who are concerned should pay attention to what goes on the air. That, after all, in radio is what is the important thing, not the administrative backup, and do as good a job in the period that they have as possible.

Senator PELL. I realize I am being subjective on this. I think there should be as much separation of the broadcasts as possible because there really is a Slovak nation as such, and from having lived in that part of the world I know that Slovaks are more impressed with an idea if it is in Slovak than in Czech, and sometimes might even be turned off if it is expressed in Czech.

Mr. NOVAK. Senator, may I say how strongly I agree, and I think we could even get Senator Lugar's agreement on that, on the importance of that point very clearly, that we make the best use possible of that portion of the program which is in Slovak.

Senator PELL. Thank you.

Now I have some other more detailed questions I would like to run through, if I could. Do you basically agree with the program guidelines that are set forth in the mission statement?

Mr. SHAKESPEARE. The idea of having program guidelines, Senator Pell, is clearly desirable. Does each member of our Board agree with the specifics of the guidelines? The answer to that, candidly, is no, and at an early point—remember this Board has only now been in session for some 14 to 15 months—we are going to take some of the very best people on the Board and take a look at the guidelines and see whether or not we have suggestions or considerations.

Let me give you a specific.

Senator PELL. I have a lot of questions to run through, but take your time.

Mr. SHAKESPEARE. I do not want to get bogged down in this and, Senator Helms, this might interest you, because the question of the guidelines, Senator Pell, becomes extremely important.

For example, if you say in a commentary—you are talking about Eastern Europe and you make reference to the "Communist satellite countries," you have violated the guidelines because the guidelines specifically say you must never use the phrase "Communist satellite countries."

If you are discussing the farm situation in Australia, in Argentina, in the United States, in the Soviet Union and in Canada, and you talk about the tremendous productivity of farms in the West and you talk about the lack of productivity of farms within the Soviet Union and in that commentary you make reference to the difference in productive capacity between the Communist system and the capitalist system you violate the guidelines, because the guidelines say you must never compare communism and capitalism.

Now I find all of that—I am just one member of this Board—very strange. Let me read you the relevant paragraph. It says: You must avoid unsupported criticism of the Communist system or its representatives, as well as use of obsolete or inaccurate terminology, such as the Communist bloc, Communist satellite countries, and capitalism versus communism.

That is a direct order to our people in the guidelines. It further says in the guidelines you must avoid any programming that could be construed as encouraging defections, and programs on defectors living in the West will carefully avoid any suggestion that others should follow their example.

Now the considerations of the guidelines have to do with very profound and deep philosophical questions as well as those tied to the foreign policy of the United States. It is my view as one of the nine members of the Board, not as Chairman, that the guidelines need to be very carefully weighed and considered because when you have guidelines you should not let people violate them.

A guideline means, you do it. But that means that in the first place you have to take journalism seriously, have to take philosophical considerations seriously. You have to take the foreign policy of the United States seriously. To go to your root question, what do we think of the guidelines? If you ask nine Board members, you are going to get nine different answers.

But the guidelines need to be very carefully reviewed by our Board, sir.

Mr. WATTENBERG. Senator, let me say one word, if I might. I am one of the Board members who can live with those guidelines. They have evolved over a number of years, and most of those phrases are there for a reason. But Congressman Smith has specifically asked us to review the guidelines in his report.

Senator PELL. Thank you.

The CHAIRMAN. Thank you. We will be back to you, Senator Pell.

Senator PELL. I have a whole series of questions. I would hope the answers could be a little more brief. Most of them call for just yes or no.

Mr. SHAKESPEARE. Yes, sir; we will try to be.

The CHAIRMAN. Senator Helms.

Senator HELMS. Who wrote the guidelines?

Mr. SHAKESPEARE. These guidelines were prepared prior to the incumbency of this present Board in 1976, and I believe that it was a joint effort by people within the Radios, by BIB members and staff at the time here among the Senate staffs in the Ford administration, in the State Department, NSC. It became a conglomerate of opinion, and those are the guidelines which this Board inherited.

We felt that it was not appropriate for us to address the guidelines until we had worked closely with the Radios for a year or so, Senator Helms, which we have now done. But the guidelines exist as the law, if you will. If you are a broadcaster working for us, you must obey those guidelines. If you do not obey those guidelines or you slip, then that broadcast is in violation.

That is exactly what the GAO report is going to talk about, the question of what is or what is not a violation. A violation to an uninitiated sounds like some dreadful thing. Violation can be a question of tonality, a question of phraseology, that sort of thing.

Senator HELMS. Well, let me give an example in my question. Do you ever talk about what is going on in Central America?

Mr. SHAKESPEARE. Yes, sir; we do, although, Senator Helms, the purpose of these Radios is to be surrogate local radios, and we essentially talk to the people in Poland about what is going on in Poland. Now yes, of course, we cover the great sensitive parts of the world, and particularly those that relate to Communist considerations, such as Central America, but that is primarily the job of the Voice of America.

Our job is essentially to be a local station.

Senator HELMS. I understand that, Mr. Shakespeare, but there is an overriding purpose, at least insofar as this Senator is concerned, and that is to delineate between freedom and tyranny. If we are not doing that, if you have these fool guidelines that prohibit you from even saying Communist satellite, does this mean you cannot talk about the Soviet involvement in Central America?

Mr. SHAKESPEARE. Well, Senator, you are now getting into the guts of the problem of this Board, and you are getting right to the guts of the problem that Senator Pell raised. You have guidelines which are 8 pages long, and I have just read excerpts.

Most of the guidelines are very bland, but some of them seem to me as a private citizen very strange. Now you go to people dealing with the most sophisticated, difficult situation in the world, the fermenting of ideas, values, dangers, that sort of thing, in Eastern Europe and the Soviet Union. We give you these guidelines.

We also have a Broadcast Analysis Department. If in the opinion of the Broadcast Analysis Department you have stepped over the line on any one of these matters, you are then in alleged violation. Senator Pell just referred to that. It is a very tough call oftentimes.

Now I know, Senator Pell, you are concerned about how long we are taking, but the guidelines are of the essence in this business. It is our opinion that we ought to seriously reconsider what the guidelines say in terms of the modern foreign policy of the United States.

Let me make a blunt statement. If President Reagan were a commentator on our air rather than President of the United States, he would be in very frequent violation of our guidelines.

Senator HELMS. So would I.

Mr. SHAKESPEARE. Yes, sir; you most certainly would. [Laughter.]

Senator HELMS. I am sorry. I have two meetings going on at one time, and this may have been covered. Did you say that you are now working on new guidelines?

Mr. SHAKESPEARE. No, sir, I did not say that. What I said was, and I want to be careful about this, this Board met for the first time a year ago January, and we have worked very hard, the Board, excluding myself has worked very hard to learn about the Radios and to become involved in their work.

We did not want to address the question of the guidelines until in our opinion we had done our homework on the Radios, the way they work, the different services, the caliber of the people, the editorial checks—that sort of thing. We have arrived at that point. It is our feeling that this Board should now seriously address the question of the guidelines. Are they proper in 1985? And we will be doing that in the forthcoming year.

Senator HELMS. Well, if you want an opinion, they are not proper—not in terms of the function or the purpose, as I understand it, of these entities. I do hope that you will get about the business of looking at those guidelines.

While I was out did you discuss the transmission equipment, the broadcasting equipment?

Mr. SHAKESPEARE. Chairman Lugar asked us if we would give some observations about the need for $40 million, which we are asking you for, to increase the transmitting power in Germany and the Iberian Peninsula, and we responded.

Senator HELMS. $4 million?

Mr. SHAKESPEARE. $40 million. That is a part of a 3-year cash flow. Actually we are asking for $77 million, but the first chunk this year is $40 million. If you commit to that, you will automatically be committing to the remainder, because otherwise you will have just half a transmitter site.

It will buy for the United States a substantially improved signal into Eastern Europe and to the Soviet Union west of the Urals.

Senator HELMS. I do not know a thing in the world about your equipment, but I have been over to the Voice.

Mr. SHAKESPEARE. It is the same stuff. Some of it is 30 years old and it is pretty shabby.

Senator HELMS. The Voice of America is operating with equipment that tanktown radio stations threw out 25 years ago. They have old Western Electric consoles. I do not know whether you gentlemen know it or not, but with the age of the transmitters, the coverage recedes. Am I saying it all right?

Do you like what I am saying?

Mr. SHAKESPEARE. Yes, sir; I certainly do.

Senator HELMS. So I can keep on?

We are just not doing the job over there in terms of coverage, let alone the program content, which is another matter. If we are not going to at least match the Soviet Union—by the way, do they have guidelines? [Laughter.]

That is a serious question. I would like to know.

Mr. SHAKESPEARE. Senator, who are you speaking of now, sir?

Senator HELMS. I am talking about Soviet broadcasting.

Mr. SHAKESPEARE. I would guess that Pravda, Tass, Isvestia, Kommunist and Krokodile and all of those publications, yes, sir, I would guess they have the most rigid guidelines.

Senator HELMS. If you could get a copy of their guidelines and a copy of your guidelines, I would like to see them both.

Mr. Buckley, with respect to Radio Free Europe, tell me about the impact that you perceive regarding the people of Poland.

Senator BUCKLEY. Well, if one goes by the testimony of the spokesman for the Polish Government, Mr. Urban, were we to stop broadcasting today, that complex of individuals that is the survivor of the Solidarity movement would disappear tomorrow We are the source of reliable information to all of Poland as to what happens in any one part of Poland.

We are the source of the correct history of the Polish nation. For example, I am told that school books that are now being introduced into the Polish schools make no mention of the Molotov-Ribbentrop pact, of the complicity of the Soviet Union in the outbreak of World War II. That is not mentioned.

We give the history straight. We are viewed passionately, I would say, by the Polish people as the one reliable source of information that deals with those subjects that are of the greatest consequence to them as a nation, as a people, as a faith.

Senator **Helms**. Do you have any estimate of your penetration into the Polish audience? It is 65 percent; is that right?

Senator **Buckley**. Sixty-five to 68 percent. We have a large sampling organization and these figures are quite accurate, and this, I might say, is listenership in the face of the most serious jamming to be found anywhere, with the exception of the Soviet Union.

Senator **Helms**. How do you cope with the jamming? Do you change frequencies?

Senator **Buckley**. No. We have a narrow range of frequencies we are allowed to use under the ITU allocations. The most effective way is to increase power, and we are losing ground in terms of audibility because of the increasing strength of the jamming. We have also provided our listeners some instructions on how to build home directional antennae which are quite effective.

Senator **Helms**. Mr. Chairman, if I could have one more minute, I promise I will not take any more time.

Mr. Wattenberg, in addition to everything else I want to compliment you on the writing of your statement. It is beautiful prose.

Mr. **Wattenberg**. Thank you, sir.

Senator **Helms**. I agree with just about everything that you said. You took off after my friend Solzhenitsyn, but we cannot agree on everything, I suppose. On page 12 you said make no mistake about it; members of this committee will not like every program we put on the air, but neither you nor I like every program that is put on the air in America.

That is an understatement.

Mr. **Shakespeare**. Senator Helms, could I interject just a minute because it is so relevant to something you just said? If you go back to Senator Pell's remarks about the guidelines, Alexander Solzhenitsyn is an extremely controversial figure, as you are well aware. He is also a figure of awesome dimension in the Soviet Union, in the West, in the world at large.

He oftentimes in recent years has made statements in which he has expressed profound worries and concerns about what he perceives to be the weaknesses of the democratic systems of the West. Now when Solzhenitsyn makes a major statement, these Radios put his statement on verbatim to the people of Eastern Europe and the Soviet Union.

But some of the very criticisms the stations have encountered are that we should not be putting on those statements because Solzhenitsyn is, in the opinion of the writer or the critic, unduly critical of the United States or the West. Our feeling is that if you are going to be a credible operation and you take a man of the prominence of Solzhenitsyn you quote him verbatim when he says something.

Second of all, it is absolutely absurd to have a situation where because a man is critical of part of the things in the West you excerpt that and presumptively only use those things which are critical of the East. So again that goes to the question of what is or what is not a violation, and a lot of it swirls around the emotion that surrounds one man, Alexandr Solzhenitsyn.

Senator HELMS. I had competition over there a few years ago about refusal to put Mr. Solzhenitsyn on the air. That was before the arrival of the present administration.

Mr. SHAKESPEARE. The key, we think, is balance. You put him on, but you must also have commentary bringing in other sides, other people, that sort of thing.

Senator HELMS. OK. Mr. Chairman, I have some other questions, but would it be all right if I file them in writing?

The CHAIRMAN. That would be fine.

Senator HELMS. I thank you gentlemen, and I thank you, Mr. Chairman, for letting me have the extra minute or two.

The CHAIRMAN. Thank you, Senator Helms.

Gentlemen, as I have listened to the testimony originally and now that I have had a chance to read the GAO report during the course of the questions by my colleagues, I appreciate that a dispute is going on here of which I was not aware. I am now aware that your testimony essentially is a rebuttal in advance of the GAO. We will hear the GAO—and I do not want to prejudge the testimony of that witness.

But it appears that what is in dispute here, and Senator Helms and Senator Pell have brought it to the fore, is that there are some Senators and perhaps some members of the public who believe in fairly tight guidelines for what goes out and, furthermore, not only believe in the guidelines but believe in the layers of management that would go into making certain that almost every program, both before and after with regard to rebroadcast, is monitored very carefully so the guidelines were met.

Now Senator Helms has presented a point of view which would suggest that he is not so concerned about the guidelines, in fact might have some dispute as to whether we should have these guidelines at all. And perhaps the Board will be wrestling with this. Senator Pell, I would gather, likes the guidelines and is worried that they are being violated. And the GAO apparently has cited in 1984 18 potential violations and questioned an additional 29 programs.

In your testimony you have taken this into consideration by pointing out that what they question might be 1 page out of 1,200 or something of that variety which you feel is not as significant as does the GAO. Perhaps their task was to find out whether in their judgment there were any violations at all. And they have decided that they think there were some. Among them they said that one program referred to the Soviet Foreign Minister as a bandit. One compared former Soviet officials to Nazi war criminals, and one carried an interview suggesting violent action of Soviet soldiers in Afghanistan against their superiors.

If we were to get into a philosophical dispute on each of these alleged violations, we would have a pretty large agenda for the Senate for the rest of the year. I think that whether these are violations is arguable, to say the least.

What I would say to each one of you is that I think Senator Pell's request for a response, so that he can determine his point of view with regard to your authorization is a reasonable one, because he has tried to exercise his judgment. I would state for my own part that I think the explanation you made this morning is eminently reasonable.

As a matter of fact, I must say without hearing the GAO testimony—and I will listen to it carefully—that there is a good bit of nitpicking going on here, and if in fact these radio stations are to be effective in American foreign policy we probably had better think, all of us, about the guidelines and make sure we are doing some things in behalf of this country that need to be done.

I have a very great feeling thus far, listening to you, that you are constrained from doing that, and that has alarmed me more than anything else I have heard this morning. And this does not waive out at all the fact that a Soviet official was called an obscenity or what have you. If this be one of the guidelines, so be it—probably this should not have been done, but maybe we ought to review that guideline.

But this is a serious business, and I would just simply say that I am persuaded at least by what I have heard this morning that these guidelines may be a real problem for the foreign policy of this country. It is not the violations of the guidelines; it is the context of guidelines themselves. And I would hope that you would be very careful.

I am not advising you to in any way endanger the future of these radio stations by failure to manage, and what I gather from Mr. Novak's comments and Mr. Buckley's is that Mr. Buckley is responsible, that he is managing and believes that he is doing a good job. That is also a judgment Senators will make. They will decide whether he has been careful enough in the process or perhaps ought to have additional people.

I have no further questions, just this comment that arose from having listened to the testimony.

Mr. SHAKESPEARE. Mr. Novak is tapping my leg, and I think he would like to make an observation.

Senator BUCKLEY. And may I follow with one.

Mr. NOVAK. Senator, there must be guidelines. You cannot channel the tremendous pluralistic energies of the people, the really terrific people of these Radios, without guidelines. There must be guidelines; that is the first statement.

The second statement. We are satisfied that improvement has been registered since 1980, and especially in the last 14 months in how those guidelines are observed. Please note that the questions brought up by the GAO make no evaluation of how serious those alleged violations are, only that these are questions they raise. We have asked them to raise every possible question, and each case should be considered on its merits. We think there has been improvement.

Third, we could live with the present guidelines. Whatever Congress in its wisdom and other authorities in their wisdom say these guidelines are, we intend to follow those. But Congressman Smith did himself, looking over these guidelines, think they needed revision in light of new realities.

Now we think that question, in fact, we are now mandated to face it.

The CHAIRMAN. Mr. Buckley.

Senator BUCKLEY. I will waive to allow the questioning to proceed, because Mr. Wattenberg has to leave.

Mr. SHAKESPEARE. Mr. Wattenberg is very anxious to be present when Senator Pell asks his questions. I gather you have further questions, Senator Pell.

The CHAIRMAN. I will then stop my questioning and defer to Senator Pell so that we can proceed.

Senator PELL. Thank you very much.

I was struck too by the fact that the new Board has not had too many months or years to work together, but I would remind Mr. Shakespeare particularly that in the so-called Pell amendment that was passed coordinating both Boards, the hope and understanding at the time was that several, three or four, members of the old Board would be part of the new Board, thus giving it continuity.

What we have now, as I understand it, is not too much continuity, and you have been working together for just a relatively few months; is that correct?

Mr. SHAKESPEARE. Of the nine Board members, two were members of the old Board, so that is two of nine. We have been working together as a team. Mr. Wattenberg and I were involved in this in 1983 and actually in parts of 1982, but by the time the new nine were all named and confirmed by the Senate, we had our first organizational meeting a year ago January. So actually we have been functioning as a real Board for 15 months.

Senator PELL. How long was Mr. Madsen a member of the old——

Mr. SHAKESPEARE. About 6 months, and Mr. Ney for many years and was a member of the executive committee.

Senator PELL. As I say, I think a greater use of the old Board might have been a help, and that is the concern here.

In connection with the guidelines, let me just pick up on one in particular. It states that RFE/RL should avoid "emotionalism, vituperation, vindictiveness, stridency, belligerency, arrogance, bombasty, pretentiouness, or condescension." Would you agree with that particular guideline?

Mr. WATTENBERG. I would, yes, sir.

Senator PELL. Well, presumably your subordinates should follow that guideline, and in this regard I would ask unanimous consent to put in the record the Radio Free Europe comment on Chernenko's funeral. "While he was alive, Mr. Konstantin Chernenko made no lasting mark on history"—I think that at least is correct—"With his funeral, perhaps he did. Who would have thought that 68 years after a revolution that declared the death of God and denounced the evils of armed imperialism, the General Secretary of the Communist Party would be laid to rest with the borrowed pomp of Russian Orthodoxy and a military glory that would have done Adolf Hitler proud?"

Well, I think those are comments with which I personally would not have much difficulty in agreeing, but I am not necessarily saying that they are in any way objective. Do you think these meet the guidelines?

Mr. Wattenberg. Senator, that was not aired. That was an internal guidance by the director of Radio Free Europe about his views. Those memoranda that he sends out are not doctrinal. They are not broadcast. I believe of the 21 languages we broadcast in, there may have been one that used something of that sort, and I do not know exactly the transcript.

By the way, I do not particularly agree with some of the phraseology there, but there was an article in the Washington Post about a day after that came out, a column by Charles Krauthammer, for whom I have great admiration, that pretty well tracked the same argument. It is not a preposterous argument.

But to answer your question, sir, we did not go on the air with that.

Senator Pell. Then what is the purpose of these? These are sort of think pieces?

Mr. Wattenberg. I think that would be a pretty accurate description of them.

Senator Pell. At any rate, I would ask unanimous consent that it be made a part of the record.

The Chairman. So ordered.

[The information referred to follows:]

[Note to Editors March 14, 1985]

From the Office of the Director, RFED: Exit Mr. Chernenko

While he was alive, Mr. Konstantin Chernenko made no lasting mark on history. With his funeral, perhaps he did. Who would have thought that 68 years after a revolution that declared the Death of God and denounced the evils of armed imperialism, the General Secretary of the Communist Party would be laid to rest with the borrowed pomp of Russian Orthodoxy and a military glory that would have done Adolf Hitler proud?

The setting, the plot and the actors were a quaint combination Gothic horror and low comedy. Was this the real heart of a superpower we love to fear so much? Were these real men and women? Could Zeffirelli have thought up a more grisly collection from the Chamber of Horrors than those waxen figures assembled on the top of the Mausoleum? Under what rubric in Soviet history are we to file the spectacle of Chernenko's widow stroking and kissing the dead leader's head in the unacknowledged style of Byzantium? What were we to think of those medal-bearing generals in their outsize hats and cardboard uniforms? Had they stepped out from some provincial operetta to do their sombre duty for the third time in a handful of years? Or were they borrowed from some Victorian wax-works to amuse a bored public? Was Mr. Chernenko—or the ghost of Lenin—mocking the dead or the living?

Such were the questions brought to one observer's mind as he was watching the Kremlin's macabre ceremony. Were the Soviet impressarios aware that they were confirming the outside world's worst suspicions about the real feel of Soviet society? Did they realize that they were rendering hard proof, if such were needed, that the Soviet system was, indeed, that bizarre mixture of musty decorum, sham religiosity, grim regimentation and totalitarian selfrighteousness that the USSR's critics have always said it was? That it was of and about the 19th century, not our own?

The gruesome tradition of Soviet funerals goes back to Lenin's celebrated entombment. The pomp of his burial, the purple prose of Stalin's Oath of Fealty, and the preservation and permanent exhibition of Lenin's remains infuriated Krupskaya who held strong views about revolutionary ethics.

But the revolutionary ethics of the Soviety system died with Lenin—only the rhetoric, the pomp and ceremony remain. To these have been added, with the "advance of socialism", the militarism and high orthodoxy of a profoundly reactionary society.

Senator PELL. In connection with the Smith report, which has already been made a part of the record, Congressman Smith specifically quotes a Russian Orthodox Archbishop, Anthony of Geneva, who said that "atheists in their hatred of Christ have gone even further than the Jews." Congressman Smith also cites a June 30 broadcast which depicted favorably a Nazi unit responsible for permitting the murder of thousands of Jews in Lvov.

These are questions of fact, and I think you would agree this is anti-Semitic material, would you not?

Mr. SHAKESPEARE. Senator Buckley may wish to comment on that specific instance, Senator Pell.

Senator BUCKLEY. I think that that sermon that was referred to typifies the kind of complexity that we deal with and which makes snap judgments unwise. The word translated as "Jew" in that transcript that you quote is actually an archaic liturgical word referring to the people who happened to live in Judea at the time of Christ's death. In that Biblical context, it does not have the same impact as the phrase, as you quoted it, would have had.

Furthermore, this was among the programs that we asked a panel of recent emigres from the Soviet Union, most of them Jews, to review as part of our normal procedures for assessing and testing our programs. I am quoting from memory right now. I think it was a panel of seven. I think five of them were Jewish. Only one individual raised the issue of anti-Semitism. He said that he found it particularly tactless to be talking about the Israelites, using the Biblical word, in view of the anti-Semitic program currently in effect in the Soviet Union.

So what sounds to us very offensive does not necessarily sound so—if you understand the words correctly in Russian—to the audience.

Mr. WATTENBERG. Senator, I thought that that program, the first one you talked about, about the Israelites, that that was an unfortunate program that was poorly edited. I gather it came through on a Sunday afternoon and it was, in my judgment, clearly an error.

The other one was a review of a book about the role, as I understand it, of that Ukrainian division during World War II. It was by a German diplomat presenting a somewhat different view than most of us would hold, and it was sort of a reportorial sort of a thing saying here is what this fellow says.

Now my sense is that if I knew enough about that history I would not agree with that viewpoint, but you get into some borderline calls here as to whether you ought to report on what is an aspect of history.

Mr. SHAKESPEARE. Senator, may I just—because you are coming right now to the core of the types of things that are so tough to deal with. The Archbishop, the broadcast that you are talking about was the Easter sermon of the senior Archbishop of the Russian Orthodox Church in Europe. He is resident in Geneva, and that was his Easter sermon.

Now we put that sermon on the air. It was a long sermon. He did it on a Sunday morning in Russian to the people of the Soviet Union. It had in it that phrase, that archaic phrase, about Jews in the Israelite days. It raises a profound question. I happen to agree with Mr. Wattenberg.

I think that phrase, given the horrible history of anti-Semitism for 600 years, that is a very close call as to whether that phrase should have been excerpted. But I go to the larger question.

If the man is the Archbishop of the Russian Orthodox Church in Western Europe, and he gives an Easter sermon, we have to be very careful about editing his sermon. If Archbishop O'Connor of New York gives a sermon in St. Patrick's and we strongly disagree with a phrase or two, does the New York Times cut it out because the people should not hear it?

This is not, Senator Pell, an RFE/RL commentator. This is the Easter sermon of a Russian Archbishop. Now in this case we aired his entire sermon, and probably, at least in the opinion of several members of this Board, we probably should have excerpted from his sermon that particular sentence. But it goes to the question of exactly how you do this and whether or not those are violations.

That excerpt has been taken out of context. It has been run in the press of the United States as an illustration of anti-Semitism. It is no such thing.

Senator **Pell**. Thank you very much.

I would observe there is, or has been, the most intense anti-Semitism in the Slavic countries, Poland, Russia or Czechoslovakia. There was one sentence that was even more egregious that was edited out of the Archbishop's speech or sermon, and I would just leave that in the record, if I may.

[The information referred to follows:]

(First part of RL Russian program broadcast April 21, 1984 in the series "Not By Bread Alone." Translation from the Russian.)

EASTER GREETING FROM ARCHBISHOP ANTHONY OF GENEVA

Christ is risen! Beloved brothers and sisters! Jesus Christ is yesterday and today and for all time one and the same. The word has been carried among the Jews even to the present day that Christ's disciples, coming at night, absconded with and hid the body of their Master. [That is why, even two thousand years later the Jews are threatening to find the grave and body of Christ and thus, so they think, put an end to the legend of his resurrection and ascension to Heaven.] The atheists in their hatred of Christ have gone even farther than the Jews. At the end of the 18th century they expressed the thought that Christ had never existed at all, that history does not know him. This lie has been seized on by all of the enemies of Christianity in proclaiming Christ a myth, a creation of apostolic fantasy. But if the naive fishermen of the Sea of Galilee had been able to launch such an invention, then word of it would doubtless not have gone farther than the banks of that beautiful sea. But we know that the word of Christ's resurrection very soon began to spread in the huge Roman Empire, and in a short time beyond its borders * * *.

(Translator's note: The sentence in brackets [] was excised by an editor and did not go on the air. However, it has been left in the translation as revealing of the thought behind the rest of the passage as broadcast. Even without the excised passage, the program seems capable of offending Jews, not to mention atheists who may listen to RL because they don't like the regime. The remainder of the script is devoted to more traditional Easter thoughts of the joy of rebirth and is not translated here.)

Senator **Pell**. Let me just cite several other items from Congressman Smith. He mentions a Radio Liberty Program that rationalized the series of 1919-20 Cossack pogroms against Jews in the Ukraine by noting that many Jews had volunteered to join the Bolsheviks. He also cites a program on June 20, 1984, suggesting that the Poles and Jews led to the triumph of communism.

Or there was another program on October 21, 1984, suggesting the Jews keep trying to debunk the resurrection by suggesting that Christ's disciples stole and hid His body.

These are little specifics that, to my mind, should not have been permitted to go out, no matter what the guidelines.

Mr. **Wattenberg**. Well, on some of them you may well be right, Senator. The first one you referred to, just for an example, that, as I understood it, again was a book that was published, written by a Ukrainian describing events of 60 years ago about the causation of a specific, ugly pogrom where the purport of that book was to try, as I understood it, to foster better relations between Ukrainians and Jews.

My father grew up in that area of the world at that time. He has been very active in Jewish causes all his life. I showed him that script because I was very concerned about it, and he said, "well, you know, that is a very interesting historical point."

Now there are parts of that script that if you heard it through jamming at the wrong time and the wrong phrase, you could probably offend sensibilities. Perhaps on reflection it was not a wise script to air. But I am just mentioning this because these are judgment calls between censorship and free journalism. We are faced with these things all the time. We try to do the best we can and I think we do pretty well at it.

Mr. **Shakespeare**. Mr. Novak would like to make an observation, Senator Pell.

Mr. **Novak**. Senator, when this board met, we had already seen such allegations in the 1979-81 period in reports, and then the reports by the Christianson report up through 1983. We ourselves wrote a letter, which I request be inserted in the record, to Senator Percy because of some allegations made through B'nai B'rith, including some of these very episodes or ones very similar to them.

Board for International Broadcasting,
Washington, DC, May 3, 1984.

Hon. Charles H. Percy,
Chairman, Senate Foreign Relations Committee,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: Let me share with you my dismay over some recent actions that vitally affect Radio Free Europe/Radio Liberty.

Firstly, and of lesser importance, no one from the Senate Foreign Relations Committee staff personally contacted any member of the Board of management during the five weeks (March 2-April 9) that it was in possession of an important letter regarding the Radios form B'nai B'rith. I received your cover letter and communication of April 9 in Munich on April 16. You requested that I review the B'nai B'rith letter of March 2. The Board, which was then holding its annual meeting in Munich, began immediately to do so.

Then, just ten days later, on Thursday night, April 26, before our review was finished, without any consultation whatever with me or anyone else on the Board or in the management, a press release was issued in your name accusing FRE/RL, and therefore, this Board, of which I am the Chairman, of allowing anti-Semitic broadcasts to be aired, a severe and ugly charge.

This is outrageous and intolerable, both in procedure and substance. As independent citizens and as an independent Board, we deeply resent the way this matter has been handled. It would be difficult to exaggerate how offensive we find such reckless charges.

As the enclosed report demonstrates, the charges levelled in the press release are without foundation.

Senator, however inadvertently, a grievous wrong has been inflicted upon hundreds of dedicated workers who operate these Radios around the world: the distinguished management of RFL/RL: James Buckley, its President, George Urban, Director, RFE, George Bailey, Director, RL, and the nine American Board members directly responsible for the operation of RFE/RL: Ben Wattenberg, Michael Novak and James Michener—the Program Committee—and Clair Burgener, Malcolm Forbes, Jr., Lane Kirkland, Edward Ney and Arch Madsen. A central institution of liberty and Western civilization has been besmirched.

Our comprehensive report, which you requested, has been completed within two weeks. It is enclosed.

Respectfully,

Frank Shakespeare,
Chairman.

Board for International Broadcasting,
Washington, DC, May 3, 1984.

Hon. Charles H. Percy,
Chairman, Senate Foreign Relations Committee,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: Your letter of April 9 first reached me in Munich on Monday night, April 16, at the annual meeting of the Board of RFE/RL and the Board for International Broadcasting. Within 24 hours I brought it to the attention of the full Board, taking much needed time from our long and detailed budget hearings, because of its extreme importance. Not only the Board, but the top management of RFE/RL, found the charges contained in the materials you sent contrary to their knowledge of the Radios. Further investigation into the details and specifics provided by these materials revealed their basic inaccuracy.

Anti-Semitism is an extremely weighty charge. We reject anti-Semitism totally, as a matter of elementary human decency. Indeed, on December 7, 1983, the President of RFE/RL, James Buckley, issued a memo to the staff about the principles at stake (copy enclosed).

Moreover, on January 30, our own staff submitted a critique of the program of January 13. That critique was transmitted that very day to Munich. George Bailey, Director of RL, had a study of that script prepared by February 10 (copy enclosed). The Broadcast Analysis Division of RFE/RL had two further reports prepared by February 24 and February 29 (copies enclosed). It is relevant that Mr. Bailey is married into a prominent Jewish family. It is further relevant that the author of the program script is Jewish; that his father was murdered by the KGB in 1959, in part for encouraging Ukrainian-Jewish cooperation; and that the author of the script was devastated by the charge of insensitivity to Jewish feelings.

Further, the historical document from which the scriptwriter made the selection—for a program specifically designed to present historical documents—had as its clear intention Jewish and Ukrainian cooperation, as is apparent from the texts adduced and especially from the passage deleted from both the B'nai B'rith transcript and the original BIB staff critique.

Finally, the original book, from which the passage was selected, carried a favorable introduction by a distinguished Jewish journalist, Immanuel Birnbaum.

Different readers have interpreted this script in different ways, as you will note in reading the enclosed memoranda. In this context, it should be noted that on January 13, the new director of the Ukrainian Service, Mr. Anatole Kaminski, a respected scholar, had just taken office and had not approved that particular script. Studying it, he concluded that he would have edited it differently to prevent just such misconstruction as has occurred.

So much for the central incident. Let me point out that the B'nai B'rith communication to you (March 2) contained two elements, which made accusations of two very different dimensions.

The cover letter from the President of B'nai B'rith International, Mr. Gerald Kraft, spoke solely of "incidents of insensitivity." Messrs. Ben Wattenberg and Michael Novak, two of the three members of the Board's Program Committee, and I, met with Mr. Kraft for a candid two-hour session. His words, he said, were chosen precisely with deliberation and careful self-limitation: "incidents of insensitivity."

Our own internal investigation did reveal several sentences in program #76 which, if *misconstrued*, might at first be interpreted as "insensitive." But, as indicated in the enclosed memoranda, this is a complicated matter about which men of judgment and good will have differing views.

On the other hand the charges made by Dr. William Korey, the author of the B'nai B'rith memo, are of a wholly different order. We deny them. They are baseless. The broad brush with which they smear far exceeds the narrow evidence the memo actually adduces. But, even interpreted narrowly, the memo's allegations are irresponsible.

Dr. Korey charges that the Radios "have all too willingly embraced individuals who have espoused anti-democratic, bigoted and anti-Semitic ideas." He further alleges that this is a clear trend undertaken in the attempt "to expose the nefarious nature of communism." This is untrue.

Please note, Mr. Chairman, the broad nature of the charges: the whole of RFE/RL is recklessly charged. Trends are alleged; intention is alleged. Note, however, the narrow scope of the evidence adduced. All the allegations concern not RFE, but RL. Indeed, of the programming of RL, most of the allegations focus on a single program that is aired a half-hour each week. A careful researcher would have measured his evidence and limited his charges according to the evidence. This is shabby work.

Dr. Korey also gratuitously lectures the Board for nearly one page of a three-page memo on the evils Russian and Soviet anti-Semitism and of the heinous pogroms of 1918-20. Senator, we broadcast about those evils all the time! He then briefly mentions single programs dealing with three highly controversial figures in Russian and Ukrainian history: Konstantin Pobedonostev, Baron Peter Wrangel, and General A.A. Vlasov. (Five RL broadcasts did deal with these three figures in recent years.) Any treatment of such complex figures will generate disagreement, even among scholars. But controversy alone is no reason for competent journalists to avoid such programming.

Of course, there is a systemic, philosophical difficulty here. Take as a more distant and perhaps neutral example, Fyodor Dostoevsky. Who would deny that Dostoevsky is one of the greatest and most admired writers of world literature? Yet many passages in Dostoevsky are virulently anti-Semitic, anti-Catholic, and opposed to liberal, democratic values. This clearly does not mean that every half-hour program on such a figure is bound to address every wrongful aspect of his work. No one who briefly praises Dostoevsky's work is thereby automatically guilty of Dostoevsky's vices.

Similarly, writers of brief historical scripts must be allowed to deal with highly controversial figures. That said, we do not deny that sometimes script writers err in judgment. Clearly they occasionally do.

The truth is that many figures of great importance in Russian, Ukrainian, and other national histories are mixtures of vice and virtue. Indeed, the frank, open, and pluralistic treatment of Russian and Ukrainian nationalism is an inherently controversial undertaking. Intellectual clashes occur constantly. Hotly ideological recriminations go with the territory.

On the part of this Board, the principles are clear. Not only must the guidelines of RFE/RL be observed, but also the ordinary canons of intellectual discourse, and the imperatives of decency and morality. Individual incidents of bad judgment or questionable judgment inevitably occur in all major, ongoing journalistic endeavors. How can they not? But we have detected no pattern, no trend, no intention. Incidentally, neither did the Committee's staff report by Mr. Geryld B. Christianson, which reviews the same evidence.

We repeat: virtually every criticism addresses a small segment of RL programming, inherently the most controversial, the historical programming. The new Board is watching this programming with special intensity. It has already held three full meetings this year, including a four-day meeting in Munich.

This brings me to the last two charges cursorily mentioned by Dr. Korey. In December 1982, RL broadcast Solzhenitsyn's major speech in Taiwan in its entirety; and in broadcast in June 1983, an RL program cited a criticism of democracy by Vladimir Maximov. The Taiwan speech of Solzhenitsyn has been highly controversial and much distressed in the West. In the judgment of the Board, it was not wrong to provide the text of Solzhenitsyn's speech to the people of the U.S.S.R. However, the Board does agree that full discussion of the speech would have been in order.

It is also true that aspects of democratic societies are hotly debated in Russian intellectual circles, by Maximov and others. The Board does not believe that it is good broadcasting policy to omit such controversy. In western schools and universities, such debates are a matter of course. College students wrestle with Thrasymachus, Machiavelli, Nietzsche, and countless other figures, democratic and non-democratic. In a closed society like the U.S.S.R., intelligent listeners are starved for debate about the most fundamental issues.

Of course, it is possible to abuse the principles of open debate, but we believe we are mindful of our responsibilities in that regard. I must say, however, it seems odd to this Board that some critics, liberal in so many other matters, would seek to sterilize all political debate on RFE/RL.

One more point needs to be made. Some of our critics say that we are allowing too wide a range of debate and, consequently, fostering anti-democratic ideas. Others disagree, arguing that the range of debate is too narrow. For example, though some critics attack the Radios for broadcasting too much of Solzhenitsyn, Solzhenitsyn himself criticizes the Radios for being hostile to Russian tradition and insensitive to Russian culture.

In conclusion, let me state that we on the Board are confident that the daily performers of RFE/RL will bear the most intense scrutiny. We invite any and all of your colleagues, interested Americans, journalists, or critics of any persuasion to come and study the Radios thoroughly, inside and out. We ask only that such studies be serious—worthy of an organization that broadcasts around the clock in 21 languages to often distant and isolated peoples, under severe repression, commonly living in tragic circumstances, with ideas and history circumscribed by authority and frequently lost down Orwell's "Memory Hole."

Respectfully,

FRANK SHAKESPEARE,
Chairman.

Mr. NOVAK. And if you look at Mr. Christianson's report you will notice that he, in examining several of these cases, found they were not nearly so clear but much more ambiguous as he looked at them. Often they were by Jewish authors whose intent was plainly to do something very different. We found the same thing in those that we referred to in the May 3 letter to Senator Percy.

And so in our view the frequency of these episodes is diminishing, and in every case that we have looked at we have found, with Congressman Smith, that there are occasions when things can be interpreted as anti-Semitic, but it is impossible to show that the person involved intended that. Often it is clear he intended quite the opposite.

Senator PELL. In any case, Mr. Christianson is a very conservative soul who is the staff director of the minority here. He wrote his report in a conservative way. Some of these episodes have happened since the report was written, and I think one should bear in mind the timeframe.

I would ask unanimous consent at this point that the Christianson report be inserted in the record.

The CHAIRMAN. Very well. So ordered.

[The information referred to follows:]

NEW MANAGEMENT AT RADIO FREE EUROPE/RADIO LIBERTY AND THE PELL AMENDMENT

A Staff Report by Geryld B. Christianson
Senate Committee on Foreign Relations

Summary

Under the Pell amendment to PL 97-241, the Board for International Broadcasting (BIB) was given increased authority over Radio Free Europe/Radio Liberty (RFE/RL). The Pell amendment was intended, in part, to improve the radios' compliance with established program policy guidelines. Reports of continuing problems in ensuring such compliance have, however, arisen.

Discussions in Munich and a review of some broadcast transcripts confirm these reports. A number of changes made by RFE/RL's new management suggest that the potential for an increase in broadcast violations exists.

In this latter connection, several important broadcast controls have been relaxed and it is widely believed in RFE/RL that more are in the offing; the effectiveness of the Broadcast Analysis Department (BAD) in providing an "early warning" of broadcast problems has declined; and the recent hiring by RL's Russian Service of staffers from a reportedly anti-Western, anti-democratic emigre publication has aroused concern that that publication's viewpoint will creep into RL broadcasts.

Recommendations. (1) That the GAO be requested to review the oversight role of the BIB and its staff and to evaluate RFE/RL's broadcast control procedures; (2) that steps be taken, including implementation of past GAO recommendations, to increase the effectiveness of RFE/RL broadcast analysis; (3) that existing program policy guidelines be reaffirmed; (4) that BIB conduct more independent audits of RFE/RL broadcasts; (5) that Foreign Service comments on RFE/RL broadcasts be increased; (6) that increased funding be provided for audience research; and (7) that consideration be given to creating an RFE/RL advisory committee.

Background

On August 24, 1982, the Foreign Relations Authorization Act of 1982 (PL 97-241) was signed into law. It contained an amendment offered by Senator Pell that restructured the relationship between RFE/RL and the Board for International Broadcasting (BIB), the bi-partisan federal body responsible for oversight of the radios, in an effort to improve the BIB's ability to ensure sound management and compliance by the radios with their legislative mandate.

Under the Pell amendment, the BIB was expanded from five to nine members; and they became the corporate board of the privately chartered RFE/RL Inc. as well. Thus, the members of the BIB now serve in both a federal and a private capacity. In this latter capacity, they have the power to hire and fire the senior officers of RFE/RL, a function formerly performed by a separate private board. Since enactment of the Pell amendment, a new President, Vice President, Director of RFE, and Director of RL have been installed.

Prior to enactment of the Pell amendment, there was constant friction between the BIB and the RFE/RL board. Repeated attempts to improve the relationship met with only partial success. Finally, Congress concluded, with the agreement of the Executive branch, that a legislated solution was necessary.

One of the long-festering problems that led to the enactment of the Pell amendment was the BIB's inability to persuade RFE/RL to correct what the BIB considered to be violations of policies governing program content. A 1981 GAO report confirmed that programming problems--although not necessarily actual violations--existed. The GAO discussed five specific examples of "potential policy violations" and stated that "these examples of problems may well result from the absence of more detailed, implementing guidelines or instructions, or mutually agreed-upon standards for specific programs." The GAO went on to conclude that RFE/RL's Broadcast Analysis Department (BAD) "is the key to program policy review" but that the BAD's mission has been so broadly defined as to keep its influence on programming "minimal." On the basis of this conclusion, the GAO recommended that the functions and authority of BAD be more clearly defined.

In addition to the GAO investigation, the BIB staff conducted its own review of RL's Russian Service broadcasts from late 1980 to early 1981. The BIB stated in its annual report for 1982, covering the fiscal year prior to enactment of the Pell amendment, that the staff study "documented a small but alarming incidence of 'serious policy violations, including anti-democratic, anti-Western, anti-Polish and anti-Catholic references, as well as material potentially offensive to non-Russian nationalities of the Soviet Union.' One program devoted to Konstantin Pobedonostsev (1827-1907), notorious in Russian history as an anti-Semite and foe of democracy, praised him as a 'great conservative thinker'."

The BIB report went on to say that the BIB, at its regular meeting on January 31, 1981 "adopted a resolution instructing management to tighten controls on religious and historical programs in the Russian Service. For some ten months thereafter, there was no evidence of recurrence of serious policy violations; late in 1981, however, several dubious programs were noted (including another attack on the Vatican)."

The Pell amendment was designed to enable the BIB to take stronger action than the adoption of a resolution in order to deal with potential or actual policy violations. Since enactment of the Pell amendment, however, new reports of programming problems, particularly in RL's Russian Service, have surfaced.

For example, Dimitri Simes, a former freelance commentator for RL, and Josef Joffe, an associate at the Carnegie Endowment, wrote in the Washington Post of September 25, 1983 that some of the emigres working for RL "criticize the pluralism of Western democracies and extol nationalism and authoritarian government. The tensions inherent in this situation have been aggravated by the policies of Reagan administration appointees who have given the emigres freer rein in preparing the programs that go out over the airways to the East. This freedom has allowed for more emotional, ideological and even anti-Western programming that admirers of the stations fear could undermine the stations' reputation for reliable, unslanted news and commentary, and indirectly undercut their effectiveness in promoting US foreign policy." Simes and Joffe also reported that several leading Soviet dissidents in exile were opposed to the appointment of George Bailey to head RL. "They argued that the appointment of a man so closely linked to one extreme emigre faction would symbolize US government support for its illiberal views."

On September 27, 1983, Helsinki Watch, a highly respected US human rights organization, wrote to Senator Pell to express its concern about "the anti-democratic, anti-Western, and even Russian imperialist tone of some of the programs that have been broadcast." Several specific examples were given, and the Foreign Relations Committee was urged to hold hearings on the subject.

In its European edition of November 7, 1983, Newsweek reported that according to unnamed critics, RFE and RL "no longer report the news objectively, and have become little more than forums for extremist Eastern European emigres or strident views from the White House." The article went on to say that "Perhaps the most extreme shift has occurred at RL in Munich, where several staffers have either resigned or been fired after protesting the stations' new programming policies. Critics charge that station director George Bailey has given right-wing extremist Soviet and Eastern European (sic) emigres free rein--often with embarrassing results. In addition to its blatantly anti-communist reports, the station has broadcast some anti-Semitic and anti-Catholic commentaries and others that criticized Western-style pluralism and democracy."

RFE/RL's President, James Buckley, responded with a stinging rebuttal printed in Newsweek's December 5 edition. He accused Newsweek of printing unsupported charges without any attempt to check them against the record. He concluded by saying that "fortunately for our more than 50 million listeners, an article such as yours could never survive the safeguards we insist upon to assure the truth of what we broadcast." Newsweek countered by citing BIB's annual report of 1982 and reports of unnamed former employees of RFE/RL and independent listeners. The only concession to Mr. Buckley's retort was a statement that "Newsweek's report over-stated the case in saying flatly that such broadcasts have occurred without specifying that these were allegations."

In light of these disturbing reports, BIB Chairman Frank Shakespeare encouraged me to visit RFE/RL to see for myself what the situation was. The RFE/RL staff in Munich set up an excellent schedule of appointments which I supplemented with privately arranged meetings of my own. Since my visit was limited to three working days, my findings and conclusions are necessarily incomplete and insufficient to draw firm judgments concerning the charges made in the three reports cited immediately above. What I learned, however, convinced me that there is legitimate cause for concern and that steps need to be taken to ensure the effectiveness and credibility of RFE/RL broadcasts. At the same time, I came away with a heightened sense of the great dedication and talent of RFE/RL personnel as well as a better appreciation of the valuable contribution that RFE/RL is making and can make in support of US foreign policy objectives.

Approach and Focus of This Study

The purpose of my trip was, in the first instance, to obtain the views of RFE/RL management and others on the charges outlined above. More importantly, however, I wanted to look at the institutional structure and attitudinal environment of RFE/RL as they pertain to ensuring that the radios adhere to their established mission and program policy guidelines. In this latter connection, I hoped to arrive at a judgment as to whether the Pell amendment had helped to achieve programming improvements.

I met with RFE/RL President James L. Buckley; George Urban, Director of RFE; Robert Hutchings, Deputy Director of RFE; George Bailey, Director of RL; Jaan Pennar, Director of RL's Baltic Service; Gerd von Demming, Director of RL's Russian Service; Jon Lodeesen, Director of Planning and Research for RL; James Edwards, Director of News for RFE/RL; Samuel P. Lyon, Director of Broadcast Analysis for RFE/RL; Herbert Reed, Director of RFE Research; Keith Bush, Director of RL Research; Henry Hart, Director of RFE Audience Rresearch; Robert B. Redlich, Director of RFE/RL Public Affairs; Russell Poole, RFE/RL Director of Administration; Victor Gray, RFE/RL Liaison Officer, US Consulate General, Munich; and James Brown, former Director of RFE. I also met with three RFE and RL program personnel, and prior to traveling to Munich, I met with an RL freelance commentator.

Criticisms of Specific Programs

Before examining RFE/RL's mechanisms for monitoring broadcasts and dealing with actual or suspected violations of program policy guidelines, I wanted to determine whether the descriptions of specific programs as reported in the press or otherwise drawn to my attention were correct. From a discussion of these individual examples, I hoped to get an idea as to whether there was a consistent and widespread pattern of problem programs, whether only a few problems were involved, or whether the reports of problems were exaggerated. Most of the cases discussed below involve RL broadcasts.

The most egregious case involved an RL broadcast in December 1982 of a speech given in Taiwan by Alexander Solzhenitsyn. In the transcript of this program, Solzhenitsyn is quoted as accusing the United States of abandoning Taiwan and charging the West as a whole with demanding from countries such as Taiwan that they institute "democracy bordering on chaos, on state treason, on the right to freely destroy one's own country, the way Western countries allow it at home."

This broadcast originally was to be accompanied by commentary from a panel of foreign policy experts in order to provide balance, but RL Director Bailey canceled the commentary because of dissatisfaction with its quality. Other RL sources agreed that the commentary was not good but that enough was salvageable to serve the objective of providing necessary balance. Mr. Bailey said that a speech by someone as important as Solzhenitsyn could not be ignored by RL. He added, however, that if he had it to do over again, he would not air such a program without commentary.

Another broadcast, of June 1983, presented the views of Vladimir Maksimov, a prominent emigre publisher with whose magazine Mr. Bailey was associated* before joining RL, on how post-communist Russia should be governed. The Simes article in the Post criticized a quotation of Maksimov to the effect that Soviet emigres in the West "had the opportunity to become convinced that democracy in its traditional meaning has slowly but steadily begun to outlive itself." Mr. Bailey said that this comment was meant to convey only that the idea of democracy was an evolving one and that this quotation had been taken out of context because the authors of the Post article had ignored Maksimov's advocacy of a Swiss canton type of government--"hardly undemocratic." Mr. Bailey added that no listener could have concluded that this program was critical of democracy. Mr. Buckley made essentially the same point.

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*Mr. Bailey emphasized that he did not work for Maksimov, but was on the staff of Maksimov's Kontinent magazine as the representative of West German publisher Axel Springer, who provided a large part of Kontinent's financing.

Yet a review of the transcript of this program revealed that the form of government advocated by Maksimov had no room for Western-style elections and bore no resemblance to the Swiss system of government except for a vague notion of decentralizing political organization. Instead, Maksimov's blueprint appeared to be an iteration, conscious or not, of the program of the emigre National Labor Union-Solidarists party (NTS), an organization described in a 1955 Rand Corporation study as having "totalitarian and anti-democratic tendencies, aspiring to absolute power in a post-Soviet Russia. Its ideology, 'Solidarism', is a form of corporate fascism." Maksimov has had his differences with the NTS, even when collaborating with its members. It is entirely possible, however, that he has been influenced, perhaps unwittingly, by the NTS program, since he reads only Russian-language (emigre) media, and the NTS influence is pervasive in the emigration. Many of his own views are convergent with those of the NTS.

The narrator of the RL broadcast, Boris Paramonov, was clearly sympathetic to Maksimov's views and made no attempt to place those views in the context of alternatives or to point out the many unanswered questions inherent in Maksimov's vague vision of Russia's future. That this broadcast was not intended to be favorable to democratic concepts could be inferred from Paramonov's background. One RL programmer told me that RL had discontinued using Paramonov as a freelance broadcaster because of his anti-democratic views, but he was reinstated by Mr. Bailey. Since his reinstatement, Ponamarov has moderated his view that democracy invites terrorism; but he is still critical of the electoral process and considers democracy unsuitable for Russia.

In RL's historical series, broadcasts have been made and more promised for the future, giving a favorable image to World War II General A.A. Vlasov, a hero of the battles of Moscow and Leningrad, who, after his capture by the Nazis, collaborated with them and is widely regarded in the Soviet Union as the most notorious traitor of the war. There have also been favorable broadcasts in this series on Generals Alexeyev and Wrangel, who fought on the White Russian side in the Russian civil war, and on Stolypin who is famous for sending democratic revolutionary opponents of the Czar to their death or to prison.

Mr. Bailey commented that Vlasov is an important figure in Soviet history who is not covered in Soviet historiography; RL did not praise him but simply told what he did, and the broadcasts were received "with interest." My own review of one transcript revealed a clearly positive treatment of Vlasov. On Stolypin, Bailey said that he was "not all bad."

Both Mr. Bailey and Mr. Buckley were particularly incensed by charges that anti-Semitic broadcasts have been aired, and that attitude appears to be justified. I spoke with two Jewish programmers in RL, who considered this charge totally unjustified. One of them said if such broadcasts had been made, it would be known "and this place would be in an uproar." The fact that several RL broadcasters are active or former members of the NTS party, whose history is replete with examples of anti-Semitic views, and that they have been devoting commemorative broadcasts to various figures who were identified with the Czarist regime during a period when anti-Semitism was state policy, is a cause for concern not only among RL's Jewish staff but also among Russian staffers who are identified with the "democratic" wing of the emigration. However, there is so far no clear evidence of anti-Semitism in RL's broadcasts.

The Simes and Joffe article also reported a confrontation between James Brown, George Urban's predecessor as Director of RFE, and BIB Vice Chairman Ben Wattenberg. According to Simes and Joffe, rumors were circulating about impending food-price increases in Czechoslovakia. "Fearing for the credibility of the station, Brown was leery of publicizing them because such rumors had usually turned out to be false in the past. Moreover, they would inevitably trigger a run on the stores, imposing more hardship on the population than on the regime."

Mr. Wattenberg reportedly advocated a different tack and said to Brown: "Why not create some trouble for the regime?" Simes and Joffe quoted Mr. Wattenberg's version of his comments as being that "we should not refrain from reporting something just because it might create trouble." Whatever the exact words used, Mr. Brown told me in Munich that he did have a strong difference of view with Mr. Wattenberg on this issue.

My own evaluation of the broadcast examples described above is as follows: Solzhenitsyn's views were clearly outrageous, and I cannot understand why RL felt compelled to air this speech. Certainly it should not have been broadcast without critical commentary. The lapse of judgment on the lack of commentary has, however, been admitted; and I was persuaded that every effort would be made to ensure that it would not happen again. But a more selective approach to reporting Solzhenitsyn's views is, in my view, necessary.

In the case of the Maksimov broadcast, the statement quoted above is troublesome and at the very least the broadcast should have included a critique. However, RL must have better quality, higher priority material to broadcast than something that probably led listeners to conclude that emigres in the West have little to contribute in terms of specific alternatives to communism. This broadcast could only have satisfied the amour propre of NTS partisans.

The apparent fascination with Vlasov and Czarist and White Army figures is puzzling. I doubt that the Soviets would broadcast to the United States in order to refurbish the reputation of Benedict Arnold, to give the "good side" of one of George III's ministers, or to relate the heroic exploits of Confederate generals. It is difficult to establish that such broadcasts conform with the RFE/RL guideline that historical programs should have "relevance to the present concerns of the audience." It is an important part of RL's mission to help the Soviet peoples regain important parts of their history that the communist regime has either censored or distorted. What useful purpose these broadcasts served, however, is not apparent; and they may even have been counter-productive. Surely, RL's precious broadcasting time could be put to higher priority uses.

With regard to the differences of view on how to handle rumors of food-price increases in Czechoslovakia, Mr. Brown told me that the rumors were not broadcast and in the end turned out to be false. This incident underscores the wisdom of the RFE/RL guideline on rumors that reads as follows: "No programs will be broadcast which are based upon or use rumors or unsubstantiated information. If, under unusual circumstances, a constructive purpose will be served by calling attention to a prevalent rumor, it will clearly be identified as such."

That broadcast problems such as the above continue to arise despite the Pell amendment is troubling. It was not evident from what I saw and heard in Munich, however, that there is a pattern of widespread violations of program policies in RFE/RL's broadcasts under its new management. Nevertheless, the potential for the development of such a pattern is very much in evidence because of decisions or practices of the new management that have weakened long-standing broadcast policy and monitoring mechanisms. It should be recalled here that even these mechanisms were insufficient in the past to prevent or correct many problems identified by the BIB.

Recent Developments in Broadcast Policy and Monitoring

For many years, RFE/RL has depended upon a variety of mechanisms either to prevent or to identify and correct actual or suspected policy violations after the fact. A discussion of them including recent developments follows.

Mission and Program Policy Statements. RFE/RL management and programmers are required to comply with BIB's statement of the Mission of Radio Free Europe and Radio Liberty Broadcasts. This is supplemented by a more detailed statement entitled RFE/RL Program Policy Guidelines, which includes a list of mandatory "don'ts." These statements are made available to all RFE/RL employees and are published annually in BIB's Annual Report to the President and the Congress. According to sources in Munich, BIB Chairman Shakespeare has tried to get rid of the RFE/RL guidelines and will very likely propose that the guidelines be changed in order to be less restrictive.

Recommended List. The Recommended List was developed in RFE more years ago than anyone can remember as a device through which American management could signal to the broadcast services staff (called "exile staff" in the old days) those items in the daily

Central News Division file of news and feature items ("budget") which were regarded as appropriate broadcast material. Originally applicable to the RFE Division only, it was made applicable to the RL Division in 1978.

The list was drawn up by a number of screeners, who grouped the "budget" items into six categories ranging from "especially useful" (should be used for broadcast--although, in practice, was not always used) to "background information only" or BIO (not for broadcast use; material is unconfirmed, inaccurate or contrary to policy guidelines). Prior to the enactment of the Pell amendment, the Executive Vice President for Programs and Policy, Ralph Walter, held a daily meeting of senior American program managers to discuss the "budget" and the Recommended List, which sometimes was modified. After approval by the Walter group, the Recommended List was distributed to programmers, many of whom considered it a form of censorship.

Within a few days after enactment of the Pell amendment, Mr. Walter was fired; and his position was, in effect, abolished. Jay Gildner, a career USIA officer, was hired as Vice President, but he is responsible for administrative matters only. Shortly after Mr. Bailey's arrival as RL Director in September 1982, he let it be known that BIO's would no longer apply to RL and Mr. Urban, who became RFE Director in November 1983, simplified the Recommended List and eliminated the BIO category completely.

As a result of these changes, the Recommended List has almost faded away as a control mechanism. Mr. Buckley now conducts the daily meetings that Mr. Walter used to chair, but the Recommended List is no longer approved at those meetings. The List is now strictly an RFE document and much watered down. Currently, the broadcast service chiefs are free to determine the suitability of material for broadcast without any prior constraints established at a higher management level.

Broadcast Analysis. The Broadcast Analysis Department (BAD) is responsible, among other activities, for monitoring compliance with the broad mission statement and the more specific policy guidelines. Informal procedures are used as much as possible to deal with questionable programs, but a formal procedure for review at a senior management level is also provided for. Under the previous management, suspected violations were reported by BAD to Mr. Walter, who would determine whether, in fact, a violation had occurred. BAD now reports to Mr. Buckley who, after consulting with the appropriate radio director, determines if a violation has occurred. As a practical matter, it appeared to me that the judgments formerly made by Mr. Walter are now being made by Messrs. Urban and Bailey. None of the examples cited earlier was judged to constitute a violation.

One of the potentially most useful management tools prepared by BAD is the daily broadcast analysis report, a summary of each broadcast made. It is widely circulated both inside and outside

RFE/RL. Both Mr. Urban and Mr. Bailey, however, said they had no time to read it and did not consider it of much use. But Mr. Urban's deputy reads it religiously and said he is confident that the report would flag any problem program that needed attention. Mr. Urban's predecessor, James Brown, considered it "must reading."

Mr. Urban's view was that the broadcast analysts were generally friends of the programmers and would be hesitant to be critical. He believes, as does Mr. Bailey, that guidance given in the daily RFE and RL policy meetings and having good relations with the heads of the nationality services are sufficient to ensure that violations do not occur. Other sources, however, said that these means are totally inadequate, without BAD's post-audit, to ensure compliance with guidelines.

Mr. Urban would like to see BAD concentrate its efforts on translations and monitoring broadcasts to ensure that directives of his are reflected in broadcasts. Mr. Urban said that what he could really use are judgments on how effective broadcasts are with their audience (that, however, is the responsibility of the Audience Research Department, which will be discussed later). Mr. Bailey also minimized the value of BAD and said that he monitors many of RL's programs by listening to tapes or reading transcripts.

Samuel Lyon, head of BAD, acknowledged that there is a problem in ensuring frank appraisals, but the reason set forth by Mr. Urban does not apply to monitoring the Russian Service because BAD has a large number of non-Russians working on those broadcasts.

Mr. Lyon also stated that he faces a personnel shortage primarily as a result of the transfer of all of his analysts working on Soviet "nationalities" (non-Russian) broadcasts to a new Department of Planning and Research in RL. Replacements are being recruited, but in the meantime the monitoring of nationalities broadcasts is a strictly in-house RL function that is given lower priority than the program planning and research activities of the new department.

BAD used to do pre-broadcast audits of broadcasts of RL's Russian Service because, as one non-BAD source said, "no one trusted the Russian Service." Mr. Bailey discontinued that practice, however, because he felt that creativity would be fostered by trusting his editors and reviewing their work after the fact (but without the help of BAD). He also got rid of all the American managers supervising the work of the RL broadcast editors. In doing so, he rejected the view that RL, unlike RFE, needed an additional layer of American management in order to prevent violations. The effect of this decision, taken together with BAD's loss of its nationalities analysts, is that there is now no effective monitoring of nationalities broadcasts. Mr. Bailey's view, however, is that there have been no "bus wrecks" as a result of his changes.

BAD also contracts for outside post-audits of RFE and RL broadcasts. These are supplemented by audits arranged by BIB. There are no current plans by BAD for an outside audit of the Russian Service; and although a BIB-contracted audit has just been completed, there have been only three BIB audits of the Russian Service in five years, each covering only a one-week slice of programming.

It was clear to me that BAD, whether by design or through neglect, is being relegated to playing a diminished, or even passive, role. In some instances, BAD has either failed to identify or has been reluctant to report suspected violations that were later discovered by the BIB staff. Yet, BAD was set up over 25 years ago to ensure that the debacle of RFE's handling of the Hungarian revolution would not happen again. Moreover, the GAO considers BAD to be "the key element in providing timely assurance that RFE/RL's programs meet the established program policy." The GAO went on to recommend that RFE/RL strengthen BAD's policy assessment and program evaluation function, including "defining the Department's authority and responsibilities and establishing criteria and standards for assessments and evaluations." That has not been done.

Embassy Monitoring. For many years, US Foreign Service posts in Eastern Europe and the Soviet Union have had standing instructions to listen to and comment on RFE/RL broadcasts. Attention to this requirement has been spotty, but the State Department has recently been responsive to an RFE/RL request for greater help from posts abroad, which is particularly needed in connection with Russian Service broadcasts.

Two Source Rule. Under RFE/RL's Program Policy Guidelines, the News Division is required to obtain two sources before clearing any news item for broadcast. Other material, such as feature stories and editorials, are not subject to this rule. In some rare instances, a news item based on only one source will be cleared provided that the report is described as unconfirmed. I was told that BIB Chairman Shakespeare and Vice Chairman Wattenberg tried unsuccessfully to get the two source rule dropped but that the issue is not dead.

Audience Research. The Audience Research Departments of RFE and RL are relied upon principally for the development of statistics on listenership. But they also do valuable work analyzing audience reactions to programs. In this latter connection, more could be done to tailor broadcasts to audience interests and to identify problems that need correction. This involves extensive reliance on interviews, however--a labor-intensive and, therefore, expensive proposition that must compete with other priorities.

The favorable figures on listenership could lead one to conclude that an expansion of audience research work is unnecessary. But the overall figures conceal the fact that the "core audience" of frequent listeners is relatively low. If RFE/RL is to maximize its impact on communist-ruled societies, it would be well worth devoting additional resources to finding ways to increase regular listenership.

Contacts With Emigre Groups. It has been the long-established practice of RFE and RL to maintain an arms length relationship with emigre groups, at least insofar as program policy and RFE/RL hiring are concerned. This has been done in order to underscore the independence of the radios and to make it clear that they are not the voices of emigre groups.

Although I did not speak to Messrs. Buckley and Urban about this, RL Director Bailey told me that he set out to tackle a whole set of taboos. He lamented the past attitude toward emigre groups and said that "you can't pretend that the emigration doesn't exist." Asked about his view of the NTS, he said that it is unique, has ties with the AFL/CIO and is often the only way to get information into the Soviet Union. He added that RL does programs about the NTS but would not hire members although some were already on the RL staff before he came.

Yet, I was told by one RL staffer that Mr. Bailey has placed on the staff of the Russian Service four members of Maksimov's Kontinent magazine staff. Mr. Bailey has also reinstated one Kontinent staffer as an RL freelancer and has increased the use of another. All six of these Kontinent staffers reportedly have either resigned from the NTS in order to be employed by RL or have close contacts with the NTS, although I was not able to verify that. In any event, the influx of Kontinent people has created concern among many members of the RL staff that RL's broadcasts will reflect more of Maksimov's views which were characterized as anti-democratic, anti-Western and Russian nationalist (meaning the advocacy of the primacy of Russia and the Russian Orthodox Church within the Soviet Union). The crux of this concern is RL's ability to conform with one of the RFE/RL Program Policy Guidelines that states that the radios shall have "no relationship to any political party or exile organization; nor do they identify themselves with any opposition group or groups, political party or organization, located inside or outside the broadcast area."

Conclusions

The Pell amendment has succeeded in enabling the BIB to exert its will on RFE/RL; however, the tightening of controls on the radios' broadcasts, as envisioned in the amendment, has not occurred. Instead, a new climate of deregulation has permeated the radios either with the encouragement or the acquiescence of the BIB members. The prevailing management attitude appears to be that if programmers are subject to fewer restraints and second-guessing on what they produce, they will be more creative, and that would out-weigh the potential negative impact on the radios' credibility.

Actually, there seemed to be little concern on the part of RFE/RL management that the radios' credibility is at risk at all as a result of the changes made. Management professes a determination to uphold standards and to deal with violations, but everything I heard led me to conclude that programmers believe* the old standards no longer apply--they are more apt to be criticized for exercising restraint than for going ahead with a program that may violate policy guidelines. But even with the best of intentions, the weakened position of BAD calls into question whether management would have enough information to determine that a problem exists.

BAD has never been a strong watchdog, and that has placed greater strain on the small BIB staff monitoring RFE/RL broadcasts. As the GAO stated in its 1981 report, BAD's impact on programming is "minimal." To correct that, the GAO recommended that BAD's role be more clearly defined, that it be adequately staffed and that it be given greater autonomy. Neither the previous nor the current management has done that. Conceivably the previous management could have rationalized its resistance to this recommendation on the grounds that its exercise of prior restraints (the BIO designation and prior review of Russian Service broadcasts) made a strengthened BAD unnecessary.

Current management could not make that case. The prior restraints have been abolished, BAD's personnel have been reduced (although there are plans to replace the broadcast analysts taken by RL), BAD has been tasked with other assignments (more translations and reports to ensure that themes desired by management are getting the intended emphasis) that cut into its ability to identify potential violations, and the scope of its monitoring responsibilities has been decreased by the removal of the prior restraints discussed above. Perhaps more importantly, there is a growing perception that BAD should devote more attention to providing "good news" rather than "bad news." Such a perception could make analysts more reluctant to report potential violations.

Moreover, with the departure of Ralph Walter, Mr. Buckley is now burdened with the task of determining whether potential violations reported by BAD are in fact violations. The difficulty of that burden is compounded by the disregard of the RFE and RL directors for the BAD's monitoring function, which suggests that they may be less receptive to informal notifications from BAD about dubious programs. If that is the case, one of two results is likely: either more potential violations will be reported to

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*Because of elimination of the BIO designation and pre-broadcast review in the Russian Service, the precariousness of the two-source rule, and the devolution of authority to the RFE and RL directors.

Mr. Buckley for his consideration or BAD will be less aggressive in identifying potential violations. Moreover, with the greater in-house responsibility of RFE and RL for ensuring compliance with program policy guidelines, there is likely to be greater defensiveness in responding to any problems brought to their attention.

In conclusion, it is my judgment that whether or not actual violations have increased, the potential for such an increase has grown.

Recommendations

New GAO Study. Because of the brevity of my visit, my conclusions are necessarily tentative. A new GAO study would be helpful in providing a more solid basis for judgments on the effects of changes made by the new RFE/RL management.

In addition, it would be helpful for the GAO to review the role of the BIB and its staff in light of the experience to date under the Pell amendment. In this connection, the conference report on the Pell amendment observed that the statutory role of the BIB is "to oversee, assess and evaluate the quality and effectiveness" of RFE/RL broadcasts; that the Presidentially appointed BIB members serve only part-time but "Federal oversight of such a complex and sensitive enterprise must be continuous"; and that the continuity of oversight performed by the BIB staff should "continue to be exercised effectively." The following recommendations might be considered in conjunction with a GAO study.

Strengthen BAD. The recommendations made in the 1981 GAO report should be implemented as quickly as possible. In addition, the director of BAD should be required to provide his own judgment as to whether a questionable broadcast constitutes a violation. The final judgment and responsibility for corrective action would remain in the hands of the RFE/RL President, who should prepare a written report of his decision and provide it to the BIB. The knowledge that the director of BAD is empowered to report violations, rather than only potential violations, should strengthen his hand during the initial phase of informal discussions or memos to country directors or the radio directors themselves. If this procedure fails to achieve results, consideration should be given to making BAD directly responsible to the BIB.

Reaffirm the Guidelines. No structural change will bring about improvements if programmers continue to perceive that the RFE/RL guidelines are to be interpreted more loosely than in the past. In order to restore a climate of restraint, the BIB and the President of RFE/RL should reaffirm in no uncertain terms that the guidelines must be adhered to.

More Outside Audits by BIB. The BIB should increase the frequency of its unscheduled outside audits. Particular attention should be paid to monitoring the Russian Service and to reviewing program output throughout RFE/RL during periods when particularly sensitive or important developments have occurred in the audience areas.

More Foreign Service Reporting. Although the State Department has stepped up its efforts to develop more commentary on programs from posts in Eastern Europe and the Soviet Union, it may be helpful in ensuring continuing attention to this matter to request the State Department to provide, at least annually, a report on the commentaries of Foreign Service posts for the BIB's use in preparing its annual report. It would also be useful to have periodic conferences in Munich with USIA officers from posts in Eastern Europe and the Soviet Union.

Audience Research. Increased funding should be made available to the audience research departments of RFE and RL in an effort to expand the "core audience" of frequent listeners. First, however, it should be established whether an acceptable methodology of high reliability is available.

Advisory Committee. In introducing his amendment, Senator Pell recommended that those members of the old RFE/RL board who are not appointed to the new board should become members of an RFE/RL advisory committee. That has not happened, and the Foreign Relations Committee should consider establishing one. If that is done, I would recommend limiting eligibility to former RFE/RL board members and to acknowledged experts in Soviet and Eastern European affairs. It would be further desirable to restrict appointments to people recommended by the Chairman and Ranking Member of the Foreign Relations and Foreign Affairs Committees.

Mr. SHAKESPEARE. Senator Pell, while you are inserting the Christianson report, it might also be useful to insert another statement with yours and the chairman's permission. Mr. Chairman, there is under the German social law something called the Works Council, and all German private industries—and we are in that category because we live in Munich—the Works Council are the elected representatives of the employees. There are some 1,200 employees. I think this will interest you, Senator Pell.

There are some 1,200 employees that work at these Radios in Munich. They are divided by themselves into 21 units that take into account all of the employees. Each one of the 21 units in a sealed ballot election elect their own employee to represent them, and that is the Works Council, which under German social law has almost codetermination with management.

The 21 members of the Works Council elect their own chairman, and they serve for a 3-year term. I received a cable yesterday. This is the employees, the 21 members of the Works Council, and they sent a cable as follows and asked me to insert it into the record. It is very brief:

> The Radio Free Europe/Radio Liberty Works Council, the elected representatives of the staff of Radio Free Europe/Radio Liberty, categorically reject the press attacks in which the radio stations are accused of anti-democratic and anti-Semitic tendencies. Generalizations should not be drawn from the isolated cases that prompted the criticism in the press, and these cases should by no means be represented as a trend in programming.
>
> On the contrary, Radio Free Europe/Radio Liberty can produce for any congressional committee considerable evidence in the form of both scripts and letters from listeners to prove that the Radios are doing an exemplary job in fulfilling their mission. There are few radio stations that report in such detail and so consistently on the fate of Jews in the Soviet Union and Eastern Europe and who have so many listeners among them.
>
> The missions of the two Radios is to be an independent voice of suppressed peoples. If Radio Free Europe/Radio Liberty were to be placed under direct government control, the special character of the two Radios would be totally changed. The funds that have been allocated to us in recent years by the United States Congress have allowed us to make a number of necessary involvements and to do justice to our mission.
>
> In this the BIB was very helpful. We ask that the Board for International Broadcasting express our thanks to the United States Congress for its support.

Senator PELL. Thank you very much.

Does the BIB discuss the reported programming violations? Does each violation go before the Board? Do you have a summary of them? Exactly how is that handled?

Mr. SHAKESPEARE. Mr. Wattenberg wishes to respond to that. Go ahead, Ben.

Mr. WATTENBERG. When we came into office I chatted with the senior professional staff of the Board for International Broadcasting. I was chairman of the Program Committee, and said to them we want to hear everything that you think is of potential harm to these stations or potential violation.

Over the course of those few years, they, particularly Mr. Critchlow, would communicate with me, typically with a memo saying here was a violation, here was a major problem. I would look through it and informally usually direct it, send it over to Munich and say what is the story. And we would do this all on an informal basis, but with complete freedom on the part of the BIB senior professional staff to make those criticisms and critiques.

We have since understood from the GAO report and other sources that that sort of informality, which is quite common in a normal journalistic enterprise—that is how you do something. You pick up the phone and you say Joe, that was not working right; let us make sure it does not happen again that in a Government-funded operation there better be a paper trail.

So we are taking significant actions, we believe, to set up that every response to every violation reported by everyone is, in fact, put down on a piece of paper and followed up.

Senator Buckley has been doing that and he might care to talk on it. I have to leave, Senator, really.

Senator **BUCKLEY**. We have been submitting quarterly reports, starting about 6 months ago, tracking and describing the nature of the violations or suspected and possible violations flagged by BAD. As I mentioned earlier, Senator Pell, I asked BAD to blow too many whistles rather than too few.

Many of the items they call to my attention clearly are a one-time mistake or no mistake at all, and I do not include those in what I pass on to BIB.

Senator **PELL**. Are the BIB meetings open or closed?

Mr. **SHAKESPEARE**. Most of them are closed.

Senator **PELL**. Why?

Mr. **SHAKESPEARE**. Because oftentimes we are discussing matters that seem to us so sensitive that to have people without a direct relation to it, just come in off the street, would probably inhibit the discussions. Maybe we ought to make them more open, Senator Pell; I do not know.

In point of fact there are really nine Board members and we sit around and we go into great detail about exactly what you and Chairman Lugar are talking about here. We take an instance. We turn it upside down, inside out. We generally have the key operating people over from Munich. We ask them what happened. We have read the script. Generally people like Ben Wattenberg, James Michener or Michael Novak have gone through it, have made their own contacts.

That is really what it is all about.

Senator **PELL**. Does any of the staff attend the meetings of the Board?

Mr. **SHAKESPEARE**. Rarely.

Senator **PELL**. You do not have an executive secretary or anything of that sort?

Mr. **SHAKESPEARE**. Well, remember that there is the BIB staff; there are four of them. One of them is the financial manager. That makes three. One is the executive director. That makes two. So really when you are talking about the BIB staff you are talking about one person for Eastern Europe and one person for the Soviet Union.

Senator **PELL**. Just for the record, who are those two people?

Mr. **SHAKESPEARE**. James Critchlow and Tony Shub. Tony Shub is Eastern Europe; James Critchlow is the Soviet Union. There is an executive director, Walter Roberts, and there is the BIB financial manager, Arthur Levin.

Now, there are four secretaries, and that is it. But essentially you are talking about two people.

Senator PELL. That is a tight ship. I congratulate you.

Mr. SHAKESPEARE. Well, it is what your legislation mandated. I mean, that is what we inherited.

Senator PELL. What procedures will you follow to select new directors on the BIB? Do you think you will take in somebody from USIA or the Foreign Service as being a director?

Mr. SHAKESPEARE. You mean one of the nine Presidential appointees?

Senator PELL. Yes.

Mr. SHAKESPEARE. Well, that is in the wisdom of the President of the United States and subject to confirmation by your committee. I would make this observation.

Senator PELL. What would be your recommendation?

Mr. SHAKESPEARE. Well, I would say as a citizen that I am extraordinarily pleased at what the President has recommended and this committee has confirmed under the current basis. Seven of the nine people have spent their lives in American journalism—as writers, editors, journalists, broadcasters—and that means that they are directly relevant to this sort of business.

And you can just see from talking to Mr. Wattenberg and Mr. Novak how intensely involved they are. If you talk to any of the others, it would be the same thing. I find that commendable on the part of the United States.

Second, this is much more of a burden than any of us thought. It is taking an extraordinary amount of time on the part of the directors, and that worries me, because I am not so sure down the road how all of that can really be continued, and particularly when there has been the press flak that there has been. We go into every case. There have been no surprises. In every instance we have known about it beforehand and read the scripts and that sort of thing.

I think in terms of future appointments you would need people, one, who knew free journalism, if you are going to keep these independent radios; two, who have directly or indirectly an avocational interest in Eastern Europe, the Soviet Union, the nature of communism, the nature of East-West relationships; and, three, people who, as private citizens, are prepared to allocate maybe 5 to 10 percent of their total annual time to this Board—and that is a lot to ask.

Senator PELL. Thank you.

Why was the position of Executive Vice President for Programs and Policy eliminated?

Mr. SHAKESPEARE. That was a decision of the Board, and I will ask Mr. Buckley to comment on how he feels about it operationally. But in the beginning, when Mr. Buckley was brought abroad by this Board, we eliminated it for this reason. It was the opinion of this Board that under previous managements the presidency of RFE/RL had become a pro forma speech-making position or someone who spent most of his time testifying in the Congress, on the Hill and that sort of thing.

We wanted to change that. We felt that the business of broadcasting is programming and all the rest is housekeeping, and as the Board we wanted the President of the Radios to be intimately involved in the programming process, because all of the rest of it is nonsense except the programming.

Now what we did is we went to USIA, where I had had some experience, and we tried to get the person, the career minister, the class 1 officer with the best administrative record in all of USIA, a fellow by the name of Jay Gildner, and I just happened to know about him.

And we asked him if he would leave USIA and come over to the Radios, and we would take everything on the administrative side and have it report to him. That would be engineering, personnel, maintenance, money, everything—and have all that report to him and he would be the senior Vice President of Administration. He would report to Mr. Buckley.

We then took the three air units, which are Radio Free Europe to Eastern Europe, Radio Liberty to the Soviet Union, and the Central News Division and said you will report directly to the President. We do not want anyone between you and the President because we have turned over administration to other people and we want the President to be involved in programming.

Now that is the structure that we superimposed as a policy board on Mr. Buckley. He is having some misgivings. He thinks, and he will express this himself, that it might be appropriate—he has put together a senior policy board on programming—whether he needs some key aides between him and Radio Free Europe/Radio Liberty and the news division. This will come out in the evolution process.

And perhaps President Buckley would talk about that now.

Senator PELL. Thank you.

Senator BUCKLEY. Senator Pell, as I indicated in my remarks this is a concern in terms of continuity, of integration, coordination and so on. I think on reflection it would be a mistake to create a position of such dignity that in effect you eliminated the President from direct involvement in what is the critical business of the Radios.

But there are calls on my time that require me to be absent, to be here. I have been in the States nine times in the last year. There are problems that I have to address which make it, in my judgment, desirable to have an entity in place that will provide continuity on a day-by-day basis, and this is something that I hope will have been accomplished by the end of the year.

Senator PELL. Thank you very much.

Do you have a distinction between the writers and the broadcasters, or do the writers broadcast their own material?

Senator BUCKLEY. We have standing instructions that are comparable to what happens in any mature, well-staffed organization in which you have an editor checking copy that he did not himself write. On occasion in our operation, because we are so shorthanded, we have that rule being dispensed with.

We have twice reminded our editors in strong terms that this has to be done, but there are occasions, especially in our very small services where we do not have the manpower. We simply do not have it. That is one reason why we are requesting, in our 1987 submission, that we be brought up to speed, which means the introduction of about 200 more people.

Senator **Pell**. But my question is this: Does the person who writes the script do the broadcasting, or do you have a separate individual who does the actual broadcasting?

Senator **Buckley**. It depends entirely on the individual quality of the voice and so on. Where the people who prepare scripts are known individuals with personal reputations—great poets, historians and so on—we like to use the voice. And also I would say that in many instances we are using the person who does the editing to also speak, even though the voice is not what we would like it to be, because we are short-handed.

Mr. **Shakespeare**. In a substantial number of cases writers actually air their own material as broadcasters and voices.

Senator **Pell**. And as a rule that material is gone over by an editor beforehand, though there are exceptions because you are short-handed?

Senator **Buckley**. The general rule, but the prevalent rule is that there must be a check by a senior editor before it goes on the air.

Mr. **Shakespeare**. The GAO report points out that in a number of instances writers have gone directly to air without having gone through the process of an editor. Let me just speak from my own personal experience in that regard, Senator Pell.

In the 18 years that I was at CBS, Eric Severeid was the main commentator for CBS, and he did a 2-minute commentary in the evening news every night. Nobody saw that commentary until it went on the air. Why? Should an editor have edited Severeid? No, for this reason—that if someone is with you for 15 or 20 years and he knows the ethos of the organization and he is a first class writer and a fine mind, you do not necessarily need in every instance to have his script carefully edited or reviewed by an editor before it goes on air.

Now RFE/RL is a very different animal because it is far more sensitive, but almost everybody who has access to a microphone at Radio Free Europe or Radio Liberty has been there for 20 or 30 years. We from the free journalism approach it a little differently than a government organization.

If Claiborne Pell is an employee of those Radios and he has been with us for 15 years and he has been in the Polish service for 15 years and we have found him a consistently reliable sort of man, it does not follow that every word he writes must automatically go through a review board of editors. There is not any grave danger in letting him go to air.

Now if he is so irresponsible that he cannot take that responsibility, that on air he will get away with wild things if he can, it is not the editorial process that ought to control him; he ought to be fired because the access to the microphone is the single greatest power we can give an employee of RFE/RL.

Now there is a tight editing process, but the GAO report says that there are a number of instances in the past and probably in the present, because of short-handing, where writers write their material and go directly on air. I want to say that that does not concern me as a private broadcaster if the people are basically responsible people.

But Jim Buckley in his request to this Board wishes to change that. He wants enough personnel so that every script goes through an editor before it goes on air, and I think that probably, given the sensitivity of this, we ought to work toward that as a goal.

Senator PELL. But as of now the general practice is to have an editor see it before, but there are exceptions—maybe 1 out of 20, 1 out of 10?

Senator BUCKLEY. I would not be able to quantify it. I would think far fewer than that, although there are a few services, some of our Turkic services, where you only have three or four people who actually are involved in the writing and editing, where the director of the service will have nobody correcting him.

These are people who fit the category that Mr. Shakespeare mentioned of trusted people with policy responsibilities.

Senator PELL. All right. Thank you very much, Mr. Chairman.

Mr. SHAKESPEARE. Mr. Chairman, may I do one other thing—and Senator this is again just for the record? Remember, I did the Works Council for the record.

There is another organization that predates any of us and works very closely with these Radios. It is called the West European Advisory Commission, Chairman Lugar, and it is worth considering, and at some point it would be so useful if some of you could sit down with them.

Basically a distinguished European from each of the major 15 NATO countries, essentially, formed themselves into a commission and they serve as advisors to the President of RFE/RL so that we get the European point of view. We want to be sure that we weigh in seriously European views as well as American views in terms of management practices.

Now they formed their own program committee, and to give you an illustration, Senator Pell, of their caliber, these are extraordinary people. Three people are the counterparts of Novak, Wattenberg, and Michener, the program committee of our Board. Alan Chalfont, who has been the senior military analyst at the London Times for years and is chairman of the defense committee of the House of Lords, is the chairman of it. Fred Luchsinger, who has for the last 10 years been editor in chief of Nene Zwicher Zertung, which is I guess one of the two or three most prestigious newspapers in the world, and Madam Thorn of Radio-TV Luxembourg, whose husband Gaston has been president of the European Community. That is a pretty impressive team to have as a program committee working on advising this group.

Now they also in a recent session adopted a statement, and they wrote this to Jim Buckley, and it is only three paragraphs and I would ask to put this in the record because I think it is very relevant. This letter is dated February 19 and it is addressed to President Buckley, and it is signed by Karl Gunther von Hase, Chairman of the West European Advisory Commission. It says:

> The West European Advisory Commission has during its recent meeting in Munich, 13 to 15 February, discussed in some detail accusations of anti-Semitic tendencies in Radio Liberty which were voiced in a small number of American publications. My colleagues have asked me to bring the main points of our discussion to your attention.
>
> The committee realizes that the critics have not been able to substantiate their accusations. Nevertheless, the committee shares the concern expressed by members

of the RFE/RL Board and management that this sort of publicity might eventually weaken public support for Radio Liberty in the United States.

The committee is aware that journalistic work involves values and personal engagement. The national groups working in Radio Liberty, as well as in Radio Free Europe, are microcosms of their native countries with regard to plurality differences and even clashes of opinion. Editorial control no doubt is needed in the politically highly sensitive field in which the Radios are operating, but censorship imposed from outside and responding to political pressures would do severe damage.

The committee has received assurances that Radio Liberty programs, in the preparation of which Jewish members of staff play a major part, have scrupulously avoided any suggestion of anti-Semitism. Neither has any evidence been produced inter alia in extensive audience research to prove charges of anti-Semitism. The Committee has no reason to doubt these assurances, which reflect what the Committee knows to be longstanding policies of the RFE/RL stations.

And I want to make one final remark, and it is this, and it is awkward and delicate and embarrassing to even mention this in a hearing, but I want to do it because of the dreadful nature of accusations in 1985 of anti-Semitism in an organization of this importance.

The Russian Service where these center has slightly in excess of 100 people. About 30 percent of those people are Jewish, of the actual people who write and air the scripts. The head of the Russian News Service is Edward Kuznetsov, who is a Jew, an Israeli and a great Israeli hero, and he is the head of the Russian News Service.

They have reported for the last 2 years to George Bailey, who is director of Radio Liberty. George Bailey is married to Beate Ullstein. The Ullsteins, as you may well know, were the great newspaper publishing and book publishing family in Germany that Hitler crushed, and his wife for 30 years has been Beate Ullstein.

Bailey reports on programmatic matters through Buckley, but in a dotted line to the program committee of this board, and that is chaired by Ben Wattenberg.

Now I thought that that just ought to be on the record. People who would assume that in that circumstance there could be anything but the most sensitive appreciation of the vileness of anti-Semitism simply miss the mark, and that is why this board has been so concerned with what we consider to be unfair, unsubstantiated and damaging attacks taking isolated cases of broadcast out of context.

It has hurt these Radios. It has hurt a great American institution. And the American press in looking into these matters must from now on do their homework. They must read the scripts. They must talk to the members of this program committee, as you Senators have done this morning, and get to the root of the matter and not simply print unsubstantiated charges against these Radios.

They are doing a disservice to a great Western institution.

The CHAIRMAN. Gentlemen, we thank you very much for your testimony this morning. We will now ask you to retreat and proceed with our next panel. We thank you for coming. We will ask that you remain in the event you have thoughts about the next testimony.

We will now hear from Joan McCabe, Associate Director of the General Accounting Office. Would you please come to the table? Ms. McCabe, we welcome you to the hearing and we appreciate your patience in waiting until this hour. We look forward to your testimony.

Proceed as you wish. If you can summarize to a great extent, this would be helpful so we can get on with the questions.

STATEMENT OF JOAN McCABE, ASSOCIATE DIRECTOR, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JOHN PAYNE AND MICHAEL WELSH

Ms. McCabe. Certainly. With the time requirement, we will do that. We have a statement that we would like to submit for the record.

Before I proceed, I would like to introduce my colleagues. On my right is John Payne, Group Director; on my left, Michael Welsh, a member of our European office.

The Chairman. Thank you for coming, gentlemen.

Ms. McCabe. What I would first like to do, Mr. Chairman, is tell you what our draft report is not about. It is not about us giving our independent judgments on what constitutes violations, nor is it about the advisability of the current guidelines. We instead took a systemic look at the controls at Radio Free Europe and found a number of problems.

I will briefly summarize those—no senior management focal point, insufficient staffing, policies not being followed, and no formal follow-up system.

We recognize that the methods used to ensure compliance with policy guidelines are management choices. One person's control may very well be another's censorship. We believe, however, that management needs to be involved in programming decisions in order to fulfill its responsibilities.

I would like to agree with Senator Buckley at this point. Since our audit work was concluded last fall there have been many changes made in RFE/RL. For example, we understand that additional analysts have been hired and that the President has initiated a quarterly report to Board members on reported violations. We think those things are improvements.

Turning now to BIB's oversight of RFE/RL's programs, Mr. Chairman, I would like to emphasize that our work focused on only one of the BIB members' many responsibilities—that is, the independent oversight of RFE/RL programming. In this regard, we found very little documentation relating to recent BIB program oversight activities. Most board sessions dealt with corporate topics such as the budget, personnel matters, and facility modernization.

Some BIB members told us it was difficult to distinguish between their two roles—corporate versus oversight—and that when they conduct corporate activities they automatically conduct oversight.

It was somewhat easier to identify the BIB staff's activities. The BIB staff has in the past played an important role in carrying out the BIB's day-to-day oversight. We found that the current board is not effectively using the staff for program oversight. The board has not provided guidance to its staff, and staff program oversight efforts have decreased significantly since 1982.

According to one staff member, some BIB members are very active, and this may explain why less emphasis has been placed on staff services. The BIB needs to, in our opinion, define its program oversight goals and provide appropriate guidance to its staff. The board's oversight could also be enhanced by increased feedback from outside sources, particularly the Department of State.

In summary, Mr. Chairman, we believe there are numerous opportunities to improve RFE/RL broadcast controls and enhance BIB oversight. After we have an opportunity to consider the board's comments we will be making formal recommendations.

In regard to the committee's request earlier today, we will be happy to sit down with the board at any time in order to help them meet your deadline next week.

That concludes my statement, Mr. Chairman. I will be happy to answer any questions you may have.

[Ms. McCabe's prepared statement follows:]

STATEMENT OF
JOAN M. McCABE
ASSOCIATE DIRECTOR, NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION
U.S. GENERAL ACCOUNTING OFFICE
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
ON
RADIO FREE EUROPE/RADIO LIBERTY
BROADCAST POLICIES AND PRACTICES
AND THE BOARD FOR INTERNATIONAL BROADCASTING
OVERSIGHT OF RADIO PROGRAMMING

Mr. Chairman, Members of the Committee:

I am pleased to be here to discuss our recent work on Radio Free Europe/Radio Liberty (RFE/RL) and the Board for International Broadcasting (BIB).

Senator Pell asked us to evaluate the radios' broadcast procedures and the BIB's oversight of RFE/RL programming. Last week we provided the BIB a draft of our proposed report and requested its comments for consideration in preparing our final product. Today I will summarize the major points in that draft report.

First I will briefly discuss RFE/RL's mission statement and policy guidelines. These guidelines aim for objective, relevant broadcasts. They spell out a number of things to be avoided, such as emotionalism, vindictiveness, and belligerency; they caution against identifying with opposition groups or political factions in or outside the broadcast area; and they prohibit programs which use rumors or unsubstantiated information.

Departures from these guidelines are considered serious because they can damage the credibility of the radios and, by extension, the image of the United States. In the past year, for example, RFE/RL analysts have questioned the airing of broadcasts which:

--profiled the Jewish assassin of a prominent Czarist-era political figure in what the analysts believed was an anti-Semitic fashion;

--portrayed the West and Christianity unfavorably; and

--quoted a book accusing Franklin D. Roosevelt of conducting "un-American, undemocratic, and unconstitutional methods of provoking war".

To enforce the guidelines, RFE/RL management relies foremost on the individual broadcast services--that is, the writers and editors who develop the programs. Management believes that the broadcast services--largely made up of emigres--are in the best position to determine what is of interest to, and appropriate for, target audiences. Management also relies on post broadcast reviews to identify violations so that corrective action can be taken.

We found this approach had several problems. For example:

--The broadcast services were frequently not following existing policies that require the writing and script approval functions be kept separate. We found cases where the same individuals were writing, editing, approving, and airing their own material.

--The unit charged with conducting post broadcast reviews of all programs did not have enough staff to perform this mission.

--Violations were not being tracked, and there was no formal system for discussing and resolving these concerns. Frequently the analysts who identified potential violations were not aware of the outcomes.

There was no senior level focal point--other than the RFE/RL president--to ensure policy compliance. A position of executive vice-president for programs and policy had formerly provided this focus, but that position was eliminated in order to increase the autonomy of the broadcast services.

We recognize that the methods used to ensure compliance with policy guidelines are management choices. One person's control may well be another's censorship. We believe, however, that management needs to be involved in programming decisions in order to fulfill its responsibilities. At a minimum RFE/RL management needs several things, including:

--a reliable system for communicating policy,

--assurance that existing policies are being followed,

--sufficient staff to carry out post-broadcast reviews, and

--follow-up procedures to make certain that corrective action has been taken on cited violations.

A high-level focal point is also needed to direct the necessary attention to policy compliance issues, especially to follow-up on reported violations, and assure corrective action. The RFE/RL president--with his many other responsibilities--cannot devote the constant attention needed for this role.

I would like to point out that, since our audit work, RFE/RL has made some changes. For example, we understand that additional analysts have been hired, and the president has initiated a quarterly report to the Board members on reported violations.

BIB'S OVERSIGHT

Turning now to BIB's oversight of the RFE/RL programming. The BIB was established in 1973 to allocate funds to RFE/RL and to provide federal oversight of the radios. Before 1982, RFE/RL had a corporate board of directors responsible for making major policy decisions. In 1982, the BIB members assumed corporate responsibilities in addition to their oversight responsibilities. This change was intended to strengthen the federal board's authority and to eliminate the deadlocks between the

BIB and the radios which had occurred over the years. In essence there is now a single nine-member board responsible for both federal oversight and for making major policy decisions affecting RFE/RL.

At this point, Mr. Chairman, I would like to emphasize that our work focused on only one of the BIB members' many responsibilities--that is their independent oversight of RFE/RL programming. In this regard, we found very little documentation relating to recent BIB program oversight activities. BIB files contain some discussions of programmatic concerns, but we found no guidance or directives to RFE/RL based on the current Board's review of troublesome broadcasts. Most Board sessions deal with corporate topics, such as the budget, personnel matters, and facility modernization. Some BIB members told us it was difficult to distinguish between their two roles, and that when they conduct corporate activities, they automatically conduct oversight.

It was somewhat easier to identify the BIB staff's activities. The BIB staff--composed of four Senior Executive Service employees--has in the past played an important role in carrying out the BIB's day-to-day oversight responsibilities. We found that the current Board is not effectively using these staff resources for program oversight. The Board has not provided guidance to its staff on program oversight activities, and staff program oversight efforts have decreased significantly since 1982. For example, several staff told us they no longer regularly investigate outside inquiries about the radios' programming. They also said they no longer regularly discuss outside program evaluations with Board members, or attend BIB meetings.

According to one staff member, some BIB members are very active and this may explain why less emphasis has been placed on the staff's service. For example, although the BIB was expected to be a "part-time" board, the chairman worked 171 days out of a possible 211 in the first 10 months of fiscal year 1984.

The BIB needs to define its program oversight goals and provide appropriate guidance to its staff. The Board's oversight could also be enhanced by increased feedback from outside sources, particularly the Department of State. We found that feedback from foreign service posts has decreased over the last several years, and that coordination between State and the Board has been infrequent.

In summary, Mr. Chairman, we believe there are numerous opportunities to improve RFE/RL broadcast controls and enhance BIB oversight. After we have an opportunity to consider the Board's comments, we will be making formal recommendations. We believe these recommendations will help safeguard RFE/RL's credibility as an objective and accurate broadcasting service.

Mr. Chairman, this concludes my statement. I will be happy to respond to any questions you may have.

The CHAIRMAN. Thank you very much, Ms. McCabe, particularly for your willingness to consult immediately with the board and for trying to facilitate answers to the questions, given these time constraints upon all of us.

I will pass for the moment and yield to Senator Pell for his questions.

Senator PELL. Thank you very much, Mr. Chairman, and I thank the GAO for the thoroughness and detail with which they conducted the study.

Do you think that the number of possible program violations has increased or decreased in the last couple of years?

Ms. McCABE. That is a very difficult thing to say because they do not have comparable data for different periods. They are using different standards as to what constitutes a violation or a questionable broadcast. Those things have changed since 1981 and 1982.

The data that Broadcast Analysis had—and this is detailed in our report—does not provide sufficient information to determine trends. Based on testimonial evidence, we believe that the violations have been increasing, but numbers alone will not substantiate that because comparable numbers are not available.

Senator PELL. Thank you.

Now in this regard do you believe that Radio Liberty has broadcast anti-Semitic material?

Ms. McCABE. We did not evaluate any of the broadcasts in such a way that would lead us to believe that. We would say, however, that we did not observe anything that would indicate that there was a pattern of anti-Semitic violations and that much of the talk about that whole area centers on one or two violations that are repeated over and over.

Senator PELL. Thank you. In connection with the oversight function of the BIB as opposed to corporate management, how did you feel that those are divided—50/50 or how?

Ms. McCABE. We found it very difficult to document oversight as such. They do hold separate meetings. They have separate minutes. The report details that there is quite a difference between the two. That was part of our documentation problem.

Now I know it is an occupational hazard with auditors to want to see something, but the fact that documentation did not exist on BIB's program oversight activities did not in our mind conclusively prove that they were not doing anything.

What lack of documentation did was make us look a little further. Two elements that we think need attention are the reduced activity of the BIB staff, which formerly had played a very important role in providing that oversight, and the coordination with some outside sources of information on violations, particularly the Department of State. Also some required reporting on violations should have been sent from RFE/RL to the BIB, but it was not coming in.

Senator PELL. Following up on that point about the Department of State, how is the coordination achieved with the State Department from the viewpoint of getting its viewpoint at least considered into the content of the RFE/RL broadcasts?

Ms. McCABE. This is where we noticed something had changed over the years. In the past, monthly or periodic reports from foreign posts were more frequent than they are now. In the past, the BIB staff here in Washington maintained more contact with State Department counterparts and also made more frequent trips to Eastern Europe. Those things are no longer taking place as frequently.

Senator Pell. OK. Thank you very much. I have no further questions. I have gone over your report. I just got it very recently, obviously. And again thank you for its preparation. I hope it will be read and perhaps the recommendations will be adhered to by Radio Free Europe and Radio Liberty.

The Chairman. Thank you very much, Senator Pell.

Ms. McCabe, I gather that the major recommendation you made is that you believe that underneath the president of the group there ought to be someone appointed to be responsible for the compliance functions and, furthermore, that that person should make greater use of staff members to do this job.

I do not mean to summarize unduly, but is this the gist of the recommendation you are making?

Ms. McCabe. Well, actually it is two sides. At RFE/RL in Munich we believe, for example, president Buckley needs a senior level focal point to monitor the compliance functions. Here in Washington, in the past the BIB staff had performed day-to-day oversight activities, thus allowing for independent oversight. We do not see that activity being done at the same level as it had been done in the past.

We think there are corrective actions needed in both Munich and Washington at the Radios and the BIB.

The Chairman. Now in the testimony we just heard, Senator Buckley and the board members testified to the intense involvement that they have in all of this, I suspect they feel that they ought to be responsible in a hands-on way and that they are responsible and are doing the job.

So the difference of opinion, as best I can isolate it, is their assertion that they understand broadcasting and want to be involved and are in a vigorous sense, and the GAO who says that even though this is so, and you recognize the unusual vigor and interest of these persons, that you feel that given all their responsibilities they are simply not able to cover the waterfront and therefore violations will bob up.

Ms. McCabe. Not the day-to-day or indepth of coverage that we think is necessary. In addition, the BIB staff has the continuity and background of years with the Radios that they can provide additional help.

The Chairman. Now I think you stated this at the outset, but let me just underline it. You have not tried to make an evaluation of the overall value of these programs or the effect of this as a matter of American foreign policy?

Ms. McCabe. No. We did not evaluate if, for example, the broadcast you quoted earlier—calling a Soviet official a bandit—had a detrimental impact. It was identified as a violation by the Broadcast Analysis Department in RFE/RL. It does appear to violate the guidelines.

The Chairman. So essentially your mission was to take a look at the guidelines that had been adopted, at the compliance with those guidelines, and at the procedures to try to make sure that violations do not occur before programming or through rebroadcast after?

Ms. McCabe. We were not independently judging whether a violation had occurred, but we were looking at the system that exists to prevent violations.

The Chairman. Very well. I have no further questions.

Senator Pell.

Senator Pell. I wonder if the board has any comments they would like to make on this?

Mr. Shakespeare.

Mr. Shakespeare. I would like to make a comment.

The Chairman. Would you come to a microphone, Mr. Shakespeare?

Mr. Shakespeare. I think Michael wants to make a comment also.

Senator Pell, you raised the question as to how much time the board spends or individual Board members spend on what you call corporate activities as distinguished from oversight activities. I wanted to make some observations on that in the real sense.

It is very difficult to categorize that. When we spend time on programmatic matters, when we are talking to the directors of the services or that sort of thing, when we are talking about errors that may have occurred in the services, when we are talking about the way you can enliven the services and make them more interesting and put more research and get better broadcasters and that sort of thing, we do not categorize at all which is oversight and which is operations.

In my opinion, sir, it is a very artificial distinction. Now Michael Novak leaned over to me, and he will express himself, and he said, "Frank, if I were to categorize my own activities"—this is Novak talking of what he has done in the last year—he said "I am 80 percent oversight and 20 percent operations." That is probably true of the Program Committee.

And in it, Senator Pell, there is a grave danger. We have talked for an hour and a half here about four or five alleged violations. Taken out of context, they sound awful, and you are talking about a year of programming. And that is what we have talked about. That is a fraction of 1 percent of the broadcasting.

The real job of this Board, and it is the price you get or pay when you get those on the Board who are from free journalism, we are not very interested in that small segment unless we think it is a trend or it is symptomatic or is serious or it means there is sloppiness. What this Board is interested in is making the Radios better.

We want better people. We want more lively programming. We want cultural programming. We want historical programming. We want to respond to the tremendous religious ferment in Eastern Europe and the Soviet Union. And that is where this Board ought to be spending its time. And it is a grave concern to the members of this Board that almost the total thrust upon us is to be better policemen and almost no one pushes us to make the Radios better.

Now the GAO have been extremely honest, in our opinion, in their analysis. We opened up the whole service to them. We ordered everybody to cooperate. They spent a month there, and in our opinion they were absolutely straight arrow. But that is not the name of the game in these Radios. The name of the game in the Radios is that 99.9 percent of the programming other than we have talked about here in an effort to make it better and livelier.

And if it ever approached the point where this Board spent at least 50 percent of its time on oversight, it would be a catastrophe to these Radios. The real thing is to have Board members who work at it, who are knowledgeable, who have a feeling of values and ethos and traditions and culture, and do everything they can to make the Radios better.

Now Michael Novak felt strongly and he wanted to make some observations, I think.

The **Chairman**. Mr. Novak.

Mr. **Novak**. Thank you, Mr. Chairman.

I wanted to say a word about how good these people from GAO were to work with all through the process. They were not only candid to us and they gave us lots of time, we had very good discussions with them. And I can hardly commend them more highly for going beyond the limits of professionalism to do a job that made us feel very happy to work with them.

Second, I would like to comment that if I read, as I did, their report is a tough management accountant survey. If we gave it to the toughest management accountants and said tell us what we can do to improve management procedures, especially with concern for cutting even further the number of errors, because we think we have cut the number of errors considerably, if you take those 26 citations on 1 program alone for the last 3 months of 1980 that I cited in my report.

I found that report very helpful. I would next want to ask Mr. Buckley and others in an operational position how well do you think this would work in practice and do you think it will actually produce the results expected. But these are helpful ideas for us.

Third, I would like to say if I read this report, though, as help in the subjects that we in the Radios are not covering, it is areas in which we ought to be doing as good lively radio, of course, it does not do that kind of help, and we need that kind of report, too. We should be doing more on health care, which is a serious problem in Eastern Europe. We should be doing more on women's issues. We should be doing more on economic experiments in China. We should be doing more on the future of oil prices, which is of grave concern in the Soviet Union, to their whole monetary position and so forth.

And we do not have enough time to discuss where we can find the staff to do that, where we can get the freelancers to do that, how we can plug more of that into the train of the Radios. This Board urgently needs more creative time to think about more creative airing of programs than the Radios have ever done before. That, I think, is one of the first businesses of the Board.

Let me conclude on this note. My files in 14 months are at least 3 feet long, with reports from Jim Buckley and the staff and the BIB staff. To say they are not working hard enough frightens me because I simply cannot take any more of it. I do not have time to read all of it that I now get.

If I quit everything else I did and only read the reports I got from them, I could not do it all. So we are being drowned, and most of it, I want to say, is in accounting material, examining what is oversight material, examining what has happened.

Now we have to do that, I will grant you that, and I think we are showing fruit in our efforts. But we simply must have more time to produce creative radio.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you. Are there any more comments by any of the five who have joined together at this point?

[No response.]

The CHAIRMAN. We appreciate very much your working together and your coming today for this testimony.

Senator Pell.

Senator PELL. I believe Jim Billington has submitted a confidential report on the management of Radio Free Europe. I am wondering if that could be made available on the basis—could be expurgated so we could have it on an unclassified basis.

Mr. SHAKESPEARE. I just gave your aide the full report.

Senator PELL. That is right, but it says "confidential" at the top.

Mr. SHAKESPEARE. That is only confidential because Jim worked for the Board and gave us a copy. But that is not confidential in the Federal Government sense. There is no classification on that.

Senator PELL. Thank you very much. Then I would ask that this be made a part of the record.

The CHAIRMAN. Very well. It will be made a part of the record.

[The information referred to follows:]

MEMORANDUM

DECEMBER 21, 1984.

To: Frank Shakespeare, Chairman, and James Buckley, President, Board of International Broadcasting.
From: James H. Billington.
Subject: Radio Liberty.

This report is based on a five-day visit to Munich with incidental conversations with officials of the BBC in London and Deutsche Welle and Deutsche Rundfunk in Cologne, as well as with leading journalists of the New York Times and the Neue Zuericher Zeitung. I read a good deal in the files and transcript tapes of Radio Liberty, almost entirely in the Russian service itself. I had conversations ranging from five minutes to four hours with about 30 people in Munich. I also had some chance to talk with people in Radio Free Europe and in other language services, though my main focus was on Radio Liberty.

This was my first trip ever to visit either of the radios. I do not have enough historical perspective on the past and did not spend enough time there to assess whether the problems that struck me are cyclic and recurrent in the radio, are products of special people and situations, or are rather unique at the present. However, my net sense is that Radio Liberty and possibly also Radio Free Europe face serious problems and that these could be potentially even life-threatening to the institutions themselves. The situation is serious in part because of the very strengths and importance of this enterprise. There are real human assets and talents and a great deal of dedication, but the product in my view is not as impressive as it could be. Many people are not working even a reasonable working day, the morale of others is low, and many seem to be simply keeping their heads down and adopting a kind of sycophantic and opportunist attitude, which I found even more distressing than the more openly improper attitude of public disputation that has gotten so much attention. It seems to me particularly important to deal with these problems before the Soviet agitation and propaganda machine decides to make them a major target again. There is enough disunity within the stations and unfocused hostility in the media and the surrounding European cultures to make a really sustained effort of the Soviets to embarrass the stations more likely of success, perhaps, than in the past.

The present situation is compounded because the media tend to focus on secondary issues and bureaucratic critics tend to respond with symptomatic treatment that does not touch the basic conditions and problems. It seems to me, for instance, that the most serious question facing the station is not personnel or programs that are anti-Semitic or antidemocratic. These are tendencies and problems of Russian history in general and of the Russian emigration in particular, and have had occasional unfortunate reflections at times in the programming. Antidemocratic/anti-Semitic tendencies reflect deformations of part of their culture, but not attitudes of a controlling group, let alone any conspiracy that I could detect in the radio. They have affected the radio at times in some ways that have received plenty of attention, but the deeper problems will not be redressed, I believe, by either (a) voodoo restrictions on substance (which have led to such absurdities as the Tadzhik service talking about the struggle between "Arabs and non-Arabs" because they couldn't get higher clearance to use the word "Jew" on the service), or (b) creation of more layers of bureaucratic regulation to ensure against occasional gaffs and infelicities. This seems to me the likely kind of recommendation that bureaucratic regulators may make, but it would have considerable cost—including a virtual guarantee of permanent mediocrity.

The personnel connected with the programs alleged to have anti-Semitic overtones—the Galician broadcast, one clerical broadcast, and the Losev broadcast on Solzhenitsyn—seemed to be somewhat insensitive to the suggestive or symbolic nature of what is talked about even if they may be technically right that they are accurately characterizing respectively a document, a church formula, and a great writer. But there are other prejudices as well in and around the Russian field, such as the antireligious attitude that is widespread among Westernizers and some Western students of Russian history including a tendency to dwell on the negative and authoritarian elements of the Russian Orthodox Church. Since relatively few Russian Orthodox Russians have ever emigrated to America, there are few qualified voices to register concern about this form of prejudice. But an anti-Orthodox (in some cases antireligious) bias also seems to lie just beneath the surface of one side of the debate as does the historic authoritarian and anti-Semitic tendencies on the other side.

Rather than linger on the symptomatic problems, let me suggest that there are three fundamental problems and perhaps two strategic options.

PROBLEMS

(1) The crucial problem is professionalism. The technical professionalism of journalistic reporting and broadcasting and above all getting through the jamming is the overwhelming preoccupation of the best people that I talked to. Some of the outstanding service heads in Radio Free Europe feel that the question of getting through jamming should have priority over all other financial claims on the station, including refurnishing their own offices in Munich. Professionalism also is important in the technical business of efficient journalism, which sustains credibility on basic facts. If this credibility is once lost, it would be very difficult to recover it for the rest of the station—and would ultimately be far more serious than the kind of unfortunate occasional broadcast of the recent past. Thus, if a man like Edwards is as good as he seems to be and if there are others like him who may be thinking of leaving the station, it could be very serious; and it is clearly important that a comparably high standard of professionalism be maintained in the future. Research is another area where there are astonishing resources and real scholarly talents, in a man like Bush and in some of the younger people. Many of the most professional people feel somewhat insulted by pastoral instructions as to what to stress and what not; and if they are to be given instructions by their superiors, which their superiors are surely entitled and indeed obligated to do, those instructions should be of as high professional quality as the technical competence of the people being instructed. One of the great strengths of the station is professionalism in the technical business of journalism and research, and the station must attract, hold, and motivate such people in the future with a comparable professionalism at the top.

(2) This leads to the second clear problem, which is leadership. There are many ways to put together a leadership team, and I have not attempted to assess this in terms of the particular people involved at the moment. But a top leadership team for this operation must, in my view, have three key characteristics.

It must be (a) strong and tough to get people working and to hold them accountable for what they do. Dealing with emotional, in some cases deeply scarred, individuals in the emigration and with many conflicting currents requires strong and tough management that is sure to alienate somebody at almost all times if it is doing its work correctly.

The leadership must also be (b) substantive: that is, able to motivate people in terms of both the material being discussed in the programming and the broader mission being exercised. In short, the leaderhip must include people who know and care deeply about the Soviet Union, about Russia and its destiny.

Finally, the leadership must basically be (c) American—not just in nationality, but in psychology, political awareness, and sensitivity. America pays for this station and gets the credit or blame. And, in a basic sense, the U.S.A. has the moral authority which alone makes this somewhat presumptuous exercise in broadcasting for (and not just to) another country possible. In some ways the stations represent a very un-American type of political and ideological warfare, and if it is to be sustained successfully it must be managed firmly by a top team that internalizes American, democratic concerns—that has them within so that they do not have to be imposed from without. The kind of controls necessary to make this enterprise defensible to the American taxpayer requires American leadership that has internalized the kinds of sensitivities and beliefs that are part of our pluralist democracy.

(3) Finally, the third problem—no less important than professionalism and leadership—is the need for a secure sense of mission. The key requirement here is to get hold of the not agenda—to accept American responsibility to referee, in effect, Russia's attempt to develop through the stations a usable past and an alternative identity to that which prevails in the Soviet Union. The station is a contributor, even though an incidental one, to the beginnings of a process of democratic liberation from totalitarian rule, and this is a mission that must be clearly accepted and understood in both its necessary limitations as well as its important potential.

The mission cannot simply be an anti-Soviet one—nor even, I believe, simply a passive punching bag for the rival followers of Sakharov and Solzhenitsyn (the Westernizing and Slavophile trends that constantly contend in the Russian consciousness). Radio Liberty should not, as I understand it, simply become a MacNeil-Lehrer show, offering alternate licks to one side and then the other. This would not be a bad format to include in programming—and perhaps such a format throughout would be better than what we are doing now. But there should also be some conscious realization that the stations provide not only a unique forum, but also a possibly harmonizing focus for the vast talent that could be mobilized from three different sources: (a) the emigration, (b) untapped scholarly talent in the West, and (c) the rising amount of decent scholarship in the Soviet Union that is not free to draw its own conclusions. Bringing all three of these fields of thought and pools of talent into a common focus on the need to begin building a new Russia could be part of the mission, that would seek to combine or at least make room for the best in both the Solzhenitsyn and the Sakharov schools. It can and should deal both with the search for transcendent spiritual values on the one hand and for dynamic democratic institutions and civil guarantees and rights on the other. This could be done, in my view, on the radio by extending the direction of some recent programming in the following two directions.

(1) A much more extensive effort to project and discuss a usable past from the rich Russian tradition, which has been rather narrowly—even pitifully—served in recent months by the excessive emphasis on military conflicts, particularly in the Civil War and World War II, which have no real utility in providing lessons for the present and future. Rescuing the losers in the past from oblivion is an honorable task, but a needlessly narrow objective and misplaced focus for this station. Historical programming should, in my view, include much more discussion of both (a) special Russian traditions neglected in Soviet historiography: its rich spiritual legacy both Orthodox and sectarian and its local and regional history much neglected in the excessive emphasis on central power and imperial glory. If religious programming is mainly reaching a highly professional, urban audience (as the excellent studies of Mr. Parda suggest), it should perhaps put more emphasis on sermons with real contemporary content, historical readings and philosophical discussions aimed at a modern critical mind. The station should not simply repeat Russian Orthodox services, which in their liturgical majesty are the one type of religious activity which is still relatively accessible in the Soviet Union.

At the same time this programming should emphasize (b) the democratic side of the Russians' own past, as represented by indigenous institutions: the Zemsky Sobors, the Zemtsvos, the political parties in the late Imperial period, and the many movements in opposition to totalitarian control in the Soviet period itself.

One might also include in this section some summaries of the growing amount of critical literature that has appeared in both the West and in the Soviet-controlled

East, which challenges those elements of history that official Soviet ideology continue to glorify: the authoritarian tradition of Old Russia, Ivan IV, Peter the Great, and the authoritarian branch of the revolutionary tradition that culminated in Lenin and Stalin. There are traditions of spiritual and regional resistance to the former and of libertarian and mutualist antiauthoritarian resistance to the latter which should have their moment on the radio, because they too represent building blocks for a nonauthoritarian future and part of their forgotten past.

(2) Second only in importance to a better look at an alternative Russian past is the need for a fuller inventory on Radio Liberty of what might be called the exemplary experience of the contemporary outside world. Particularly important are those two aspects of the modern world's current spiritual experience that are most ideologically anathema to Soviet ideology, and yet most deeply necessary for an internal transformation of the U.S.S.R.

(a) Discussions of the religious faith and examples of personal testimony of modern men and women from many countries would validate the general idea of faith and provide individual examples (not all of them religious) from a wide variety of religious confessions and philosophic positions. This type of programming would provide general encouragement to the quest for meaning inside the U.S.S.R. today and would free it from the presumption that religious searching is a function of being Russian in opposition to the West, when it is a global concern with foreign features about which there is surely much curiosity inside the U.S.S.R. itself.

(b) This inventory of outside experiences should also provide information on democratic directions in the world at large—new experiments, institutions, and constitutional ways of guaranteeing human rights and expanding civil liberties in different parts of the world. This would provide a global chronicle of both the deepening of personal convictions and a broadening of civil liberties in the outside world. It would not put Radio Liberty on the side of some foreign campaign of democratization, as current critics of the so-called nationalist emphasis would do. Rather, this expanded version of "Democracy Today" would point out that the struggles both for spiritual and for civic liberation are worldwide phenomena, as well as phenomena with roots in Russian tradition.

OPTIONS

There seem to me two options for Radio Liberty—either of which is better than the danger of further drift treated only with Band-Aids and symptomatic treatment. There is a high option, which would be more expensive, and a low option, which would be less expensive, than what one is now doing. Central to either option is the need for professionalism and strong leadership. Neither option can be properly exercised if there is confusion about professionalism and leadership. There is a danger in an operation like this of relying on people who are neither real journalists nor real scholars, but people who float somewhere in between with pretension of professionalism in both areas and an overextended and misapplied sense of control. The difference between the two options lies largely in accepting one of two concepts of the mission. (Incidentally, I think that, in either option, it should be possible to broadcast information for which there is only one source if it were explicitly and carefully qualified and if the staff is responsibly professional and not animated by amateur ideological excitements of the moment.) Either option should also include greater in-house expertise that is able to use both academia in the West and the émigrés abroad. And I finally believe that either option should involve removing all or most of Radio Liberty from Germany, a location which tends to heigthen the paranoia of the émigrés who do not feel at home in that surrounding, and miss the opportunity for exposure to the American context whose ideas they have to represent.

Above all, both options require us getting hold of the "hot agenda" and getting personnel (including consultants and broadcasters) who are the best available, not just the most available. The radios must secure and improve their seal of quality and seriousness, which they already have to a considerable degree, but are in danger of seeing eroded.

(1) The high option would require greater expense than one is now making, regular review and consultation with American and Western academia, and the additional function of periodically publishing anthologies of the best broadcasts on Russia and the outside world. Radio Liberty would become a resource for the alternate Russia that Radio Liberty is helping the real Russia evolve toward. Radio Liberty would become a conscious focal point for a presently diffused émigré publication effort and would accept the ambitious mission of trying, in effect, to referee and define both an alternate Russian past and a broad world future that a maturing

post-Stalinist Russia might ultimately wish to claim for its own. This is a very presumptuous undertaking, and it cannot be done without a degree of professionalism and leadership that would require more expense and more national commitment to this effort than we now have.

(2) The low option would be inexpensive but still professional and strongly led and would involve a conscious effort to draw back from this ambitious mission into one of simply providing accurate information on the Soviet Union. Insofar as Radio Liberty goes beyond the professionalism of its news service, it would content itself with reading that which is already published in a reasonably balanced manner, selecting from samizdat, tamizdat, and magnitizdat. it would add roundtables to avoid the embarrassment of taking positions, and could give roughly equal time to slavophiles and Westernizers rather than attempt to be the focal point of a developing Russian consensus.

In short, Radio Liberty should either get hold of the hot agenda or drop it, but stop muddling into a more ambitious ideological mission without having a clear definition of it (perhaps even the consciousness that that is what one is doing) or a management team to sustain it. We invite censure for American meddling without having a chance at making a really major impact. If ideological warfare designed to affect the political evolution of our major adversary is a legitimate part of our national effort, there must be a balanced position that is both defensible in terms of our values and credible in terms of theirs. It cannot be done on the cheap. Nor can it be done in a one-sided way. The "nationalists" or Slavophiles risk offending some of our values; the "democrats" or Westernizers, some of theirs.

There is almost certainly a unique opportunity for the radios to play in the immediate future an even more important role than they have in the past. A new Russian generation is emerging that is seeking a post-Stalinist identity, the system has so many systemic internal problems at the moment and so much deferred maintenance that new generation is almost certainly more willing to seek new answers both from the Russian past and from the contemporary outside experience. It is important that the radios be a vehicle of mediating and presenting both so that they are an agent of overcoming the Slavophile-Westernizer controversy, rather than merely perpetuating it and institutionalizing it as a perpetual divisive force.

The low option is probably the safer one to follow, because a more solid base probably needs to be built before one can consider the high option. The positive enthusiasms and energies of the people already involved should be challenged somewhat more than they are so that people do not spend all their time discussing things that have already happended and use more of their energies to finding important things that can be done in the period ahead. The listening audience (and those able to get second- and third-hand reports of broadcasts) seems almost certain to increase in the better-educated Soviet Union of tomorrow—and to have greater potential impact for a nation that may be about to outgrow its Stalinist past.

The CHAIRMAN. Thank you. You are excused.

We will now proceed to our third panel this morning, Mr. Carl Gershman, president of the National Endowment for Democracy, and John Richardson, chairman of the National Endowment for Democracy.

Gentlemen, we appreciate your coming this morning for testimony. Before I ask you to testify, I would like to announce that Senator Hawkins has a statement and some questions on BIB which she would like inserted into the record, and without objection they will be so inserted at this point.

[Senator Hawkins' prepared statement follows:]

PREPARED STATEMENT OF SENATOR PAULA HAWKINS

Mr. Chairman, I want to thank you and the other members of the committee for this opportunity to raise an issue of concern to me regarding the Board for International Broadcasting and Radio Liberty. As you know, I have been a supporter of U.S. international broadcasting as a means of engaging the Soviets between democracy and communism. In the 97th and 98th Congresses I worked, with the support of many members of this committee, to establish the Radio Marti Program, and this year I have introduced legislation to expand and somewhat modify the structure involving Radio Liberty's broadcasts to Soviet Jews. That legislation is S. 141, and it is relevant to today's hearing because funding and organizational issues affecting Radio Liberty.

The state of Soviet Jewry has reached desperate straits. Emigration has come almost to a standstill. From its peak in 1979 of over 51,000, the flow of Jewish emigration from the U.S.S.R. has fallen off to 1,315 in 1983, and at current rates it will reach less than 1,000 for 1984. Reports are reaching the United States with saddening regularity of increasing persecution and harassment of the Jewish community in the Soviet Union—especially those who are willing to speak out concerning their desire to emigrate from the Soviet Union. These refusniks have been beaten, imprisoned, exiled and placed in mental institutions. They have had their jobs taken from them; they have had their families threatened; they have been harassed in countless ways—in short, the Soviet Government is doing everything in its power to make their lives a living hell.

For a time during the 1970's the Soviets permitted a relatively diverse group of dissident organizations and causes surface and gain recognition. Lithuanian Catholics, Moslems, Baptists, Pentacostals, scientists and writers all voiced their dissent with the Soviet regime. Many of the efforts of these groups became known by means of the Samizdat publications that reached the West. Toward the end of the Brezhnev era, however, and down to the present time Soviet authorities have increasingly cracked down on dissident groups. This crackdown has been effective, and today many of these groups have been driven underground, and relatively little is heard from them.

The exception to this has been the Soviet Jews. With their courage, their contacts in the West, and their organization, they have kept the plight of the Soviet Jewry in the attention of the West.

Faced with the awesome repressive might of the Soviet Government, their battle to gain freedom and begin a new life elsewhere has assumed heroic proportions. Yet it is easy to see how they could become discouraged. The Soviet authorities actively seek to limit their contact with the West, and the nature of Soviet society prevents them from learning of and gaining support from the efforts of their compatriots.

This is where the BIB and Radio Liberty come into the picture. What we need to do is to increase the access of Soviet Jews in general and the refusnik community in particular to know what is going on in the Soviet Union regarding those events and circumstances that effect them. Radio Liberty has been broadcasting to the people of the Soviet Union since the 1950's, and today its broadcasts do include limited programming of special interest to the Jewish community in the Soviet Union. I believe, however, that in the face of the increased persecution and harassment as that community now faces, that additional programming is called for. The legislation that I have introduced, S. 141 and that has been referred to this committee meets that need.

My bill, the Radio MacCabee bill, is named after a group of Jewish activists during the days following the breakup of Alexander the Great's Empire, and would create a "Radio MacCabee Program of Radio Liberty." This new program would be responsible for surveying the broadcasting needs of the Jewish and especially the activist community in the Soviet Union with a view toward creating special programming to meet those needs. The bill also sets up a framework by which to ensure that the Radio MacCabee Program enjoys the same input into editorial and programming decisions as is enjoyed by other elements of Radio Liberty. In order to ensure that this new program, which involves new and previously unbudgeted responsibilities for Radio Liberty, gets off to a satisfactory start, $3 million has been authorized to such hiring, construction, library and other expenses as is necessary to assure quality broadcasts.

Mr. Chairman, I know that some have said that this kind of stepped up broadcasting to Soviet Jews will result in their increased persecution in the Soviet Union. But if we really think that my drawing attention to the problem and providing moral support for these refusniks is not in their best interest, then we might as well give up our congressional vigals, stop our letter writing campaigns, cease our congressional resolutions of support for Soviet Jewry, withdraw our human rights complaints in the Helsinki Commission—because that is where that kind of logic leads us.

Mr. Chairman, I believe that there is a need for expanded broadcasting targeted at the Soviet Jew and refusnik community, and I believe that such are in long-term interests of the community. I hope that the committee will give this idea careful consideration as its considers the BIB budget and programming for the next couple of years.

Mr. Chairman I also have a few questions I would like to submit to Mr. Buckley to be answered for the record.

Thank you.

Responses From Board for International Broadcasting to Questions Submitted by Senator Hawkins

Question. From the period January 3, 1984 to January 3, 1985 on an average daily basis, how many hours of broadcasting specifically targeted at the Jewish population in the Soviet Union did Radio Liberty conduct, both original and repeat broadcasts?

Answer. Currently the Russian Service broadcasts one weekly half-hour program specifically targeted at the Jewish population of the Soviet Union. This show, entitled "Jewish Social and Cultural Life", is broadcast three times on the Sabbath for a total weekly air-time of 90 minutes. The 52 programs in the series broadcast between January 3, 1984 and January 3, 1985 accounted for 4,680 minutes of air-time. Prorated, this gives a daily average of almost 13 minutes. With the introduction of the weekly program on Judaism (tenatively scheduled for April 19), the prorated average daily figure will be 25 minutes.

Numerous other programs, although not specifically targeted at the Jewish audiences, devote a considerable volume of air-time to Jewish themes. The program "Documents and People", for example, is currently broadcasting a three-part series devoted to the 15th anniversary of the appearance of the first issue of the Jewish Samizdat publication, "Iskhod" (Exodus). All major demonstrations and actions in support of Soviet Jewry are reported in news and current affairs program. Reports about the persecution of Jewish activists and the fate of Jewish political prisoners are a regular feature of shows like "Documents and People" and "Human Rights". Readings from the works of prominent emigre Soviet Jewish writers are broadcast in the program "From the Other Shore". Jewish religious affairs are covered in "Religion in the Modern World".

Question. Over the same period cited in Question No. 1, what hs been the cost to Radio Liberty for broadcasts directed at Soviet Jews, and what is the basis for that determination?

Answer. The Russian Service Jewish boadcasts presently cost approximately $795,000 per year. This figure funds a payroll of nine full-time employees (including one Radio Liberty researcher) and 12 freelancers (including one Radio Liberty researcher) who are fully or largely occupied with programming of Jewish subjects. It also includes transmission costs for 50,400 broadcast minutes per year at a per minute cost of $6.47. We arrived at the transmission cost estimate by counting Jewish program minutes for the month of March and extrapolating to a yearly average. Obviously, the figures will change from month to month, but we believe that this cost estimate is a realistic figure.

Question. Does the Board for International Broadcasting believe that the history of Congressional and Executive branch actions regarding Soviet Jews indicates that support for and an improvement in the plight of Soviet Jews to be a significant foreign policy objective of the United States relating to its relations with the Soviet Union?

Answer. Yes.

Question. Could you please provide the Committee with information on the frequency allocation of each of the nationality services and transmitters used by RFE/RL?

Answer. Following is a detailed list of typical frequencies and transmitters allocated to the RFE/RL Nationality Service:

Frequency (kHz)	Time (UTC)	Transmitter location [1]	Power (kW)
Armenian			
7190	0200–0300	L	100
9505	0200–0300	L	100
9505	1900–2000	L	100
11875	0200–0300	L	100
11875	1900–2000	L	100
15340	1400–1500	L	100
15340	1900–2000	L	100
17760	1400–1500	L	100
21455	1400–1500	L	100

Frequency (kHz)	Time (UTC)	Transmitter location [1]	Power (kW)
Azeri			
7190	0100–0200	L	100
9505	0100–0200	L	100
9505	0400–0500	L	100
11875	0100–0200	L	100
11875	0400–0500	L	100
11875	1800–1900	L	100
15340	0400–0500	L	100
15340	1500–1600	L	100
15340	1800–1900	L	100
17760	1500–1600	L	100
17760	1800–1900	L	100
21455	1500–1600	L	100
Belorussian			
3985	0300–0330	B	100
5955	0300–0330	H	250
5955	2200–2300	H	250
6170	0500–0530	H	250
7155	2200–2300	P	100
7180	0300–0330	P	250
7180	0500–0530	L	100
9660	1800–1900	H	250
9680	0300–0330	G	250
9680	0500–0530	P	250
9680	2200–2300	P	250
11970	1800–1900	P	250
15130	1800–1900	P	250
Estonian			
3985	0200–0230	B	100
5955	0200–0230	H	250
5955	0400–0430	H	250
5955	2100–2200	H	250
7155	0200–0230	P	250
7155	2100–2200	P	100
7180	0100–0130	P	250
9680	0200–0230	G	250
9680	0400–0430	G	250
9680	2100–2200	P	250
11970	1700–1800	H	250
15130	1700–1800	P	250
17700	1700–1800	P	250
Georgian			
7190	0300–0400	L	100
7255	2200–2100	L	100
9505	0300–0400	L	100
9505	2000–2100	L	100
11875	0300–0400	L	100
11875	1700–1800	L	100
11875	2000–2100	L	100
15340	1700–1800	L	100
17760	1700–1800	L	100
Latvian			
3985	0230–0300	B	100
5955	0230–0300	H	250
5955	0430–0500	H	250
7155	0230–0300	P	250
7155	1900–2000	H	250
7180	0430–0500	P	250
9660	1900–2000	P	250
9680	0230–0300	G	250
9680	0430–0500	G	100

Frequency (kHz)	Time (UTC)	Transmitter location [1]	Power (kW)
11970	1500–1600	H	250
11970	1900–2000	P	250
15130	1500–1600	P	250
17700	1500–1600	P	250
Lithuanian			
3985	0330–0400	B	100
5955	0330–0400	H	250
6170	0530–0600	H	250
7155	2000–2100	H	250
7180	0300–0400	P	250
7180	0330–0600	L	100
9680	0330–0400	G	250
9680	0530–0600	P	250
9680	2000–2100	P	250
11970	1600–1700	H	250
11970	2000–2100	P	250
15130	1600–1700	P	250
17700	1600–1700	P	250
Tartar-Bashkir			
7180	0100–0300	L	100
9725	0100–0300	L	100
9750	0100–0300	P	250
11770	1700–1800	B	100
15370	1700–1800	H	250
17750	1700–1800	H	250
Turkestani [2]			
7295	2300–0300	L	100
9625	0100–0300	B	100
9625	2300–0100	B	100
9660	2300–0300	H	250
11885	0000–0100	P	250
11885	0100–0300	B	100
11915	2300–0000	P	250
15370	1100–1400	B	100
15370	1400–1430	B	100
15370	1430–1700	B	100
17750	1600–1700	H	250
21510	1600–1700	H	250
Ukrainian			
6170	0300–0500	L	100
6170	2000–0000	L	100
7245	1800–0000	L	100
7295	0300–0700	L	100
9565	1600–1800	L	100
9565	1800–2000	H	100
9565	2000–0000	P	250
9660	0300–0700	P	250
9660	0500–0700	H	250
11825	1600–1700	L	100
11885	0500–1700	P	250
11885	1600–2000	P	250
11885	2000–0000	P	250
15380	0500–0700	P	100
15380	1600–2000	P	100

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[1] Transmitter location: B, Biblis, West Germany; G, Gloria, Portugal; H, Holzkirchen, West Germany; L, Lampertheim, West Germany; P, Playa de Plas, Spain.

[2] The Turkestani network consists of the following languages: Kazak, Kirghiz, Tajik, Turkmen, Uzbek.

Question. Please provide a programming breakdown of RFE/RL repeat broadcast content in the Russian language with the percentages of such items as news, features, music, etc.

Answer. RFE/RL programming to the Soviet Union is broadcast by the RL Russian Service and by the 11 RL Nationalities Services. The following breakdown presents average daily broadcasting hours. RFE/RL does not repeat news and music; for this reason, all repeat (rerun) programming consists of spoken, non-news broadcasts including features, news analyses, press reviews, readings etc.:

	First-run			Total first-run	Repeats, features	Total on-Air
	News	Features	Music			
Russian	2:49	3:10	0:25	6:24	17:36	24:00
Nationalities Services	2:50	7:38	0:10	10:38	36:22	47:00
Totals				17:02	53:58	71:00

Question. Please provide a description of the type of religious broadcasts (Jewish, Protestant, Catholic, etc.) that is currently conducted by Radio Liberty, and roughly how much air time these broadcasts receive.

Answer. Current Radio Liberty Russian Service religious broadcasts include:

"Not by Bread Alone", a one-half hour weekly program broadcast four times beginning on Saturday with repeats on Sundays. The primary objective is to appeal to as large a group as possible of listeners who have some knowledge of or interest in the most present form of religion, orthodoxy. It appeals to general religious interest as well as to cultural and historical affiliations. Typically, the program contains one element specifically associated with orthodoxy, such as an explanation of liturgy, and a second equal element which is ecumenical and intended for the general listener, most typically discussion of a Bible text.

"Russian Orthodox Religious Service", a 54-minute service prepared specially for our broadcast and aired twice each Sunday. Special services are broadcast on high feast days, throughout Passion Week and Easter Sunday.

"Spiritual Talk", a five-minute daily religious talk (repeated an average of five times). These talks attempt to assist the listener in understanding a particular gospel message and to explain the spiritual or historical significance of major religious holidays in the Russian tradition.

"Religion and Science", a thirty-minute weekly program, broadcast 3 times, that provides listeners in the USSR with the most current theological and philosophical discussions about science and religion and how they relate to the daily life of contemporary people. It is structured around the Soviet journal, "Science and Religion". The program attempts in part to discuss some of the journal's propagandistic flaws. It also tries to reveal those areas of seeming disagreement between science and religion that are foremost on the mind of modern man.

"Religion in the Modern World", a thirty-minute weekly program, broadcast 3 times, that is ecumenical in spirit and substance. The program conducts in-depth studies of the specific characteristics and inner life that are unique to each religion in today's world. There is also a description, specifically geared for the Soviet listener, of the inherent problems in understanding faith, in general, as well as the different complex beliefs and rituals that make up the major religions of the world. Special attention is directed to presenting those positive developments in the life of religious communities in the West. This discussion will assist Christians, and those of other faiths in the USSR, to learn to cope with the demands and struggles confronting an individual who must live in a totalitarian society.

"The Millenium Celebration of the Christianization of Russia", a thirty-minute weekly program, broadcast 3 times, that explores how closely Christianity is bound to Russian history, philosophy, literature and culture. A series of atheistic books has been published in the USSR which asserts that Christianity made a negligible contribution to Russian culture and had little to do with the development of a national Russian identity. On the other hand, the Russian Orthodox Patriarchate of Moscow has created a commission for the commemoration of the millenium, but the celebration is certain to be a strictly formal affair for foreign propaganda purposes. There is, however, a real need to explore the role played by Christianity in the history of Russia since the days of Prince Vladimir.

"The Way and the Life", a thirty-minute weekly program, broadcast 3 times, that is a type of advance catechism combining elements of religion, history and tradition. It attempts to assist the young modern family living in the Soviet Union to cope with the everyday problem of raising a family.

"Jewish Cultural and Social Life", a half-hour weekly program, broadcast 3 times, devoted exclusively to Jewish themes some of which are religious in nature, on Fridays and Saturdays. It is broadcast in Russian, though Hebrew and Yiddish are occasionally used. The content of the program ranges from historical surveys to interviews with new arrivals, from poetry readings to religious music and commemoration and explanation of Jewish religious observances. Its aim is to fill the cultural and spiritual void among Soviet Jewish listeners with a rich variety of themes that reflect the vitality of Jewish life abroad and that trace the roots of the audiences' heritage.

"Judaism", a program in preparation stage, is projected for thirty minutes a week of original programming, plus two repeat broadcasts. This program will explore and discuss all facts and aspects of Judaism.

Radio Liberty Nationalities Services religious broadcasts include:

Eastern Orthodox programs of 30 minutes weekly by the Ukrainian and Georgian Services, and by Armenian and Belorussian on religious holidays only. The Ukrainian and Belorussian Services occasionally also carry Catholic programs.

In addition, the Central Asian, Azeri and Tatar-Bashkir Services all have up to 10-minute weekly programs which include readings from the Koran and commentaries of Islam.

Question. Please provide a breakdown on the amount of money by each of the nationality services for FY 83, FY 84 and FY 85 along with the average number of broadcasts per day, original and repeat.

Answer.

Amount spent on Estonian Service broadcasts:

Fiscal year:

1983 actual	$320,078
1984 actual	$409,392
1985 budget	$436,820

Amount spent on Latvian Service broadcasts:

Fiscal year:

1983 actual	$303,390
1984 actual	$409,305
1985 budget	$430,057

Amount spent on Lithuanian Service broadcasts:

Fiscal year:

1983 actual	$308,635
1984 actual	$371,281
1985 budget	$424,541

Amount spent on Kazak Service broadcasts:

Fiscal year:

1983 actual	$294,982
1984 actual	$357,978
1985 budget	$374,030

Amount spent on Kirghiz Service broadcasts:

Fiscal year:

1983 actual	$211,372
1984 actual	$213,714
1985 budget	$237,015

Amount spent on Tajik Service broadcasts:

Fiscal year:

1983 actual	$168,538
1984 actual	$191,234
1985 budget	$224,922

Amount spent on Turkmen Service broadcasts:

Fiscal year:

1983 actual	$204,087
1984 actual	$250,747
1985 budget	$262,919

All figures are based on fiscal year 1985 budget rate of DM 2.72.

Average number of broadcasts per day, original and repeat:

Estonian Service:

Monday through Thursday: 3 hours total (six ½ hour programs); two ½ hour original; four ½ hour repeat.

Friday through Saturday: 3 hours total (six ½ hour programs); one ½ hour original; five ½ hour repeat.

Latvian Service:

Monday through Thursday: 2 hours total (four ½ hour programs); one ½ hour original; one ½ hour update; two ½ hour repeat.

Friday through Sunday: 4 hours total (eight ½ hour programs); two ½ hour original; two ½ hour update; four ½ hour repeat.

Lithuanian Service:

Monday through Thursday: 3 hours total (six ½ hour programs); one ½ hour original; five ½ hour repeat.

Friday through Sunday: 3 hours total (six ½ hour programs); two ½ hour original; four ½ hour repeat.

Kazak Service:

Three Hours Daily: 5 days a week: one hour original; two-hour repeat. 2 days a week: one ½ hour original; five ½ hour repeat.

Kirghiz Service:

One Hour Daily: 7 days a week: one ½ hour original; one ½ hour repeat.

Turkmen Service:

One Hour Daily: 7 days a week: one ½ hour original; one ½ hour repeat.

Tajik Service:

One and ¼ Hours Daily: 7 days a week: one ½ hour original; one ¾ hour repeat; (one ½ hour repeat plus one ¼ hour commentary repeat).

Question: Please provide a breakdown of the number of people that work for each of the nationality services at Radio Liberty.

Answer. The information follows:

Service	Actual strength	Vacancies
Armenian	8	
Azeri	7	
Belorussian	9	
Georgian	8	
Kazak	9	
Kirghiz	5	[1] 1
Tajik	4	1
Tatar-Bashkir	5	3
Turkmen	6	[1] 1
Ukrainian	22	
Uzbek	8	1
Total	91	[2] 5 + 2
The staff breakdown for the Russian Service is:		
Munich	96	
New York	7	
Washington	4	
Paris	5	
London	1	
Total	113	

[1] Candidate being processed.

[2] Candidates being processed.

Question: Please provide a breakdown of the amount of broadcasting by nationality service and transmitter.

Answer. The information follows:

Language	Program hours	Transmitter location	Hours of transmission [1]
Armenian	3	Lampertheim	3
Azeri	4	Lampertheim	4
Belorussian	3	Lampertheim	.5
		Biblis	.5
		Gloria	.5

Language	Program hours	Transmitter location	Hours of transmission[1]
		Pals	3
		Holzkirchen	3
Estonian	3	Biblis	.5
		Pals	3
		Gloria	1
		Holzkirchen	3
Georgian	3	Lampertheim	3
Latvian	3	Biblis	.5
		Pals	3
		Holzkirchen	3
		Gloria	1
Lithuanian	3	Biblis	.5
		Holzkirchen	3
		Pals	3
		Gloria	.5
		Lampertheim	.5
Tatar-Bashkir	3	Lampertheim	2
		Pals	2
		Biblis	1
		Holzkirchen	1
Turkic/Tajik	10	Lampertheim	4
		Biblis	10
		Pals	2
		Holzkirchen	10
Ukrainian	12	Lampertheim	12
		Pals	12
		Holzkirchen	4

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[1] Transmission hours are more than program hours because more than 1 transmitter is sometimes employed to increase signal strength.

Question. Please provide a description of the means by which the daily programming is made for each of the nationality services (e.g., are there editorial board meetings, and if so, who is represented at these meetings?).

Answer. The Russian Service's daily programming procedures involve the following elements:

Service executives arrive at work about 2 hours before the balance of the staff and, after familiarizing themselves with all news developments, Western media reports and editorials received since close of business on the preceding day, decide which topics should be covered in current affairs programming. In the process, they also evaluate script proposals submitted by the bureaus in New York, Washington, London and Paris.

The service director and chief editor attend the morning program meeting chaired by the President of RFE/RL, Inc. or alternately by the RFE and RL Directors. This meeting discusses the latest developments and how they should be covered by the individual broadcasting services. If required, it also provides any policy guidance deemed necessary with regard to a particular story.

At 9:40 A.M. (Munich time), the Russian Service holds an editorial conference attended by writers and editors along with representatives of the monitoring, RL research and production units. This meeting is devoted to:

A report from the representative of the monitoring section on all pertinent Soviet media activity. This report serves, inter alia, to identify the distortions and omissions of Soviet reporting and commentary, thus enabling the Russian Service to develop corrective programming designed to put the record straight.

A report by the head of the Research Department's Program Support Unit on the availability and nature of research papers suitable for adaptation and inclusion in broadcasting.

Reports from the editors of semi-topical and feature programs on the contents of shows in these categories scheduled for broadcast on the same day.

A discussion of the major developments and the allocation of writing assignments for the news shows, "Panorama" and "Events and People".

The discusions taken in the course of the above activities are formulized in a daily programming and assignments plan which, after a review by Russian Service executives, is distributed internally and sent by teletype to the bureaus in New York, Washington, London and Paris.

In addition to following these formal procedures, editors and executives maintain an ongoing watch on the day's developments so that they can make any additions or changes to the program schedule that may be required.

The Nationalities Services' daily programming procedures include the following:

A morning recommended list (based on newscast and feature program material from the Central News Division) is issued by the Program Support Unit. A daily program is composed by each chief editor. These are checked by the Director, Nationalities Services, who attends the RFE/RL morning policy meeting. The latter (or the RL Director) also chairs three weekly chief editors' meetings.

Question. Please provide a description of the numbers and kinds of equipment (i.e., studios, news rooms, tape facilities, library resources, etc.) in use by each of the nationality services at Radio Liberty.

Answer. In Munich the Russian Service has the use of the following technical and support facilities:

2 regular studios with technical assistance (one available from 9:00 A.M.-5:30 P.M., the other from 9:00 A.M.-9:30 P.M.)
1 one-man studio (available 24 hours a day)
1 newscasting booth (available 24 hours a day)
2 tape-editing rooms (available 24 hours a day)

The staff shares the facilities and services provided by the consolidated book, tape and music libraries with other RFE/RL units. The Russian News Desk, which operates round the clock, has a small library of essential reference works. In addition, this unit, which is computerized, can retrieve material from the Central News Division's news and feature files on the screens of their bilingual text-processing terminals.

The nationalities services have no separate facilities of their own but share them with all other broadcast services of RFE/RL.

Question. Does Radio Liberty have any staff specifically and or solely dedicated to broadcasting programming of interest to the Jewish population of the Soviet Union, and if so, how many? Also, are there any staff who work in this area on a part-time basis?

Answer. The task of preparing programming on Jewish themes has not been assigned to any one or specific group of writers/editors. It is a task shared by various members of the staff along with other programming assignments. RL has approximately 20 freelance contributors in Israel as well as Jewish contributors in Western Europe and the United States who file on Israeli and Jewish themes. Their input added to the programming produced in Munich results in very considerable programming that would be of specific interest to a Jewish audience. A three-month survey (October-December 1984) during a period when Jewish programming was lighter than customary, showed that 8.2 per cent of all Russian Service programming was targeted directly at the Jewish audience in the Soviet Union. In addition to heavy coverage in the hourly news shows of stories touching on Jewish problems, RL carries a half-hour Jewish program on Fridays (mentioned in reply to Question 3 on page 4) and up to three other programs daily dealing with Jewish social, intellectual, cultural and political events both in the USSR and in the West.

Question. If approved, does Radio Liberty expect that the additional funds in the FY86 budget submission would enhance its listenership in the Soviet Union, and if so, by how much?

Answer. Radio Liberty fully expects that the additional funds in the FY 1986 budget submission, if approved, will build audience. It is impossible to project the size of the anticipated increase in listenership, but audience research suggests that a live one-hour morning show will surely improve listenership in the major cities, while increased coverage of Islamic affairs should attract new listeners in the Islamic Republics of Soviet Central Asia.

One of our critical needs is to provide more relevant programming to Islamic citizens in the Soviet Union. Most of the services directed at that region are chronically short of this material.

It is important to note that these requests will result in qualitative program improvements. Although every improvement in quality does not guarantee an increase in audience, the FY 86 requests would address serious program deficiencies, rather than "luxury" add-ons. The Ukrainian Service, for example, is requesting a programmer to deal with international topics from the Ukrainian perspective. At present, the emphasis in this important service is almost exclusively on domestic topics. Clearly, we are not adequately serving that audience, and the history of broadcasting suggests that ill-served audiences turn the dial. The same principle would apply to the addition of an Islamic Specialist and the introduction of live programming in the morning.

Question. In the 1983 annual report, the BIB noted a lack of area research, monitoring, managerial and broadcast resources available to non-Russian Service broadcasting. Could you provide the Committee with data comparing Radio Liberty nationality service broadcasts with broadcasts to Soviet Jews in the above mentioned areas?

Answer. The Radio Liberty Program Support Unit provides the area research necessary for the different nationalities services. In addition, several services draw upon Russian broadcasts for background information and substantive broadcast materials. Radio Liberty Research and Samizdat Departments also provide papers and materials that are used extensively by both the Russian and the Nationalities Services.

Nationalities Services management now consists of a director, assistant director and three secretarial positions. The latter support the nationalities desks.

No valid comparison can be made between Russian broadcats to Soviet Jews in the religious area and Nationalities Services broadcasting.

Soviet propaganda refers to Russian for non-Russians as a "second mother tongue". Experience shows that the non-Russian populations of the Soviet Union appreciates being addressed in their own native languages. Their services include newscasts and other material which are also available in Russian but which they prefer to receive in their native languages. The Jewish program, which is primarily in Russian, does not have to duplicate all the other features of the Russian program such as its newscasting, reporting on international developments or coverage of Samizdat, all of which are more extensively covered in Russian, with its 24-hour schedule, than they could be in any of the other languages of broadcast. The Jewish program is free to devote all of its air-time exclusively to matters of specific interest of Jews. The nationality programs have to provide to the extent possible the full range of services of a complete radio program.

Question. What advantages will the Voice of America enjoy, technically resulting from their recent agreement to build a transmission tower in Israel, and has Radio Liberty considered a cooperative agreement by which it shares some of its transmission time from the Israeli tower with the VOA?

Answer. Israel is suitably located for shortwave broadcasts to Soviet Central Asia, the Ukraine and European USSR.

RFE/RL is conducting discussions with the Voice of America and the Israeli Government on the shared use of broadcast facilities in Israel.

The CHAIRMAN. Senator Moynihan submitted a statement which he would like to have inserted in the record, and without objection Senator Moynihan's statement on the National Endowment for Democracy will be inserted in the record at this point.

[Senator Moynihan's prepared statement follows:]

DPMoynihan

STATEMENT BY SENATOR DANIEL PATRICK MOYNIHAN
IN SUPPORT OF FULL FUNDING FOR THE
NATIONAL ENDOWMENT FOR DEMOCRACY

Mr. Chairman,

I would like simply to express for the record of these hearings my hope that the Committee will authorize the full amount requested by the Administration for the National Endowment for Democracy in the next fiscal year.

This would represent fulfillment of a commitment undertaken by Congress when it established the Endowment, in the autumn of 1983. The mandate given the Endowment by the Congress at that time, in the words of the enabling law (P.L. 97-164) is:

> to encourage free and democratic institutions throughout the world ... to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of the United States national interests and with the specific requirements of the democratic groups in other countries.

The idea was that there was work to be done apart from the familiar work of diplomacy and the provision of foreign aid. This important work has only just begun. It is my belief that it should be encouraged and supported by the Congress. Public funding is essential for the Endowment's work. It also serves to make tangible and explicit Congressional support for the goals pursued by the Endowment.

The purpose of the Endowment, simply put, is to build on the model so well established by the American labor movement, which has for more than forty years provided timely assistance to free trade unions around the world seeking to build free societies compatible with our own. (Not identical, but compatible). After extended deliberation, it was agreed that an institute affiliated with the AFL-CIO would be joined in the Endowment by institutes associated, respectively, with the Chamber of Commerce and the Republican Party and the Democratic Party. These are institutions with the most important kind of practical experience at making free enterprise and free elections successful in this country.

The institutes operate independently of each other -- except when they choose to collaborate in certain projects -- but are joined together in the umbrella organization of the National Endowment for Democracy, which itself has launched its own projects. Information about the particulars of the several efforts already underway, by the Endowment and the four institutes, is readily available to you from the responsible officials of each. Every action of the Endowment is wholly public and I will not repeat their accounts.

I would, however, like to make a larger point about the undertaking, and in particular to emphasize why I believe it important that each of the institutes be understood by Congress to be a full partner in the Endowment, and consequently permitted equitable opportunity to receive grants from the Endowment.

In the interest of what lawyers call full disclosure, I am obliged to state my bias at this point. I am a Director of the National Democratic Institute for International Affairs, and have been since the Board was first selected in January of 1984.

At the heart of the American experiment in democracy, successful still (and ever more so, I dare say) after two hundred years, is the notion that pluralism is something to be welcomed. Ours is a society founded on respect for diversity. That is what individual rights, such as those so powerfully and simply described in the Bill of Rights, mean: one has the right to be different than the larger community. Our public institutions are founded on the basis of respect and tolerance of diversity. Thus immigrants from as many cultures as exist in the world are able to live together here, freer than just about anywhere else in the world. The most distinctive characteristic of our people, in fact, may be that -- at the most personal levels of identity and association, as individuals, and as families, and as ethnic or religious communities -- Americans are more different from each other in more ways than are the peoples of any other nation.

This public fact is in part the legacy of several private institutions, which over the years have responsibly shaped the conduct of public affairs in this country. Among the most enduring of these -- illustratively, they are institutions that contain rather extensive pluralities of identities and interests within them -- are the two principal American political parties.

A party system was not anticipated by the Founding Fathers, but they quickly formed, and throughout our history, with notable exceptions, political life in this nation has revolved around the idea that there is always an opposition political party presenting to the voting public alternative programs of government and meanwhile overseeing the conduct of government. This imposes a certain discipline on those in power, ensures a vigorous public debate, and provides a healthy and constructive way for discontent to be expressed. Throwing the rascels out, in this country, therefore, does not mean defenestration.

In recent years, our parties have developed what seem, to this observer at least, to be the most sophisticated electioneering techniques yet devised in the world. Parties in other democratic nations have begun to emulate these techniques and even to hire our experts. Clearly, the American political parties have developed skills and institutions that are sought after abroad.

If we think elections are a good and responsible thing, and that parties can be instrumental for the articulation of responsible opposition programs and oversight of sitting governments, then ought we not permit -- encourage -- our parties to work with parties in countries where they are not as well established?

It is a matter of indifference to us, and properly so, which party in any given situation should prevail in an election. The purpose of our Institute, and the purpose of the Endowment is not to choose other nations' governments for them. It is our goal, rather, that constitutional parties respectful of law and democratic principles -- regardless of their particular program or platform -- should be encouraged and strengthened.

This is broadly consonant with the purposes and policies of all recent American administrations, and ought to be thought of as complimentary rather than conflicting to the work of the State Department (and USIA, AID and BIB). The work o the party institutes alone will not ensure that democracy and peace prevail throughout the world. Equally important are the strengthening of other pillars of a free society -- the press, open universities, trade unions, free enterprise, respect for law. Other institutes, and programs of the Endowment will work in these areas, in ways that are complimentary with each other -- and with fundamental American interests.

The Endowment, and the institutes affiliated with the two parties, are just beginning their work. It is important work. I think it should be supported by the Senate and the Congress. I would urge the Committee to approve the full amounts requested by the President.

Daniel Patrick Moynihan
March 29, 1985

The CHAIRMAN. At this point, Mr. Richardson, would you proceed with your testimony and summarize it if you can?

STATEMENT OF HON. JOHN RICHARDSON, CHAIRMAN, NATIONAL ENDOWMENT FOR DEMOCRACY

Mr. RICHARDSON. Yes, Mr. Chairman, I will summarize.

Mr. Chairman and Senator Pell, I thank you for giving me the opportunity to appear before you today along with my colleague, Carl Gershman. I am appearing on behalf of the Board of Directors of the National Endowment for Democracy.

My name is John Richardson. I am the president, in my professional life, of Youth for Understanding, an international student exchange program. I have also had the great pleasure and challenge of serving as chairman of the Endowment Board during its first year of operation. It has been an exciting and satisfying year.

We believe we have made real progress toward establishing the private sector institution for the worldwide preservation of democratic values and institutions which the Congress envisaged when it passed the National Endowment for Democracy Act in November 1983.

We have a delicate and challenging assignment. We must operate openly, account for programs and funds fully, and still respond sensitively to the needs of people seeking peaceful paths to self rule in a multiplicity of cultures and circumstances.

On behalf of all the Endowment's Directors, I would like to thank the committee for its support of this new endeavor and for its ongoing assistance. Your leadership and guidance have helped to ensure that the National Endowment for Democracy is well on its way to becoming the thriving and creative institution which we are all working toward. We join with you in the hope that it will continue to develop into a strong and independent bipartisan expression of America's dedication to those values and freedoms we all cherish.

We who serve on the Board are grateful for the opportunity which the President and the Congress have provided. All of us appreciate the vital role private organizations can play in support of democracy and freedom around the world.

At this point, Mr. Chairman, if it would be appropriate, I would ask that you might consider including in the record the list of the Board of which I am speaking, which I believe you have in front of you.

The CHAIRMAN. I do, and without objection it will be inserted.

[The information referred to follows:]

NATIONAL ENDOWMENT FOR DEMOCRACY—BOARD OF DIRECTORS

Ms. Polly Baca, Vice Chairman, Democratic National Committee, State Senator, Colorado.

Ambassador William E. Brock, III, U.S. Trade Representative.

Mrs. LeGree Daniels, Chairman, National Black Republican Council, Presidential Appointee, Advisory Committee for Trade, Negotiations.

Mr. Frank J. Fahrenkopf, Jr. (Vice Chairman), Chairman, Republican National Committee.

Congressman Dante B. Fascell, U.S. House of Representatives.

Senator Orrin G. Hatch, U.S. Senate.

Mr. Lane Kirkland, President, AFL-CIO.

Dr. Henry A. Kissinger, Kissinger Associates.

Mr. Charles T. Manatt, Manatt, Phelps, Rothenberg & Tunney, Chairman, Democratic National Committee, 1981–1985.

Mr. Louis Martin (Secretary), Assistant Vice President for Communications, Howard University, Special Assistant to President Jimmy Carter, 1978–1981.

Mr. John Richardson (Chairman), President, Youth for Understanding, Assistant Secretary of State for Educational and Cultural Affairs, 1969–1977.

Dr. Olin Robison, President, Middlebury College, Chairman, U.S. Advisory Commission on Public Diplomacy, 1978–1981.

Mr. Albert Shanker, President, American Federation of Teachers, Vice President, AFL–CIO.

Ambassador Sally Shelton-Colby, Vice President, Bankers Trust Company, U.S. Ambassador to Barbados, Grenada, and eight other Caribbean nations, 1979–1981.

Mr. Charles H. Smith, Jr., Chairman of the Board, SIFCO Industries, Inc., Former Vice President, U.S. Chamber of Commerce.

Mr. Jay Van Andel, Chairman of the Board, Amway Corporation, Amway Council, National 4-H Foundation.

Mr. RICHARDSON. From my own work on private medical assistance to Poland in the 1950's and my service as President of Radio Free Europe in the 1960's, as Assistant Secretary of State for Educational and Cultural Affairs in the 1970's, and in some 20 years of volunteer leadership positions in Freedom House and in refugee work for the International Rescue Committee, I have come to appreciate the powerful contribution private nonprofit organizations are capable of in our foreign relations. There is already a tremendous force being exerted in the world through the enormous variety of American organizations contributing to the development of self-government, human rights and free institutions around the world.

Many of us on the Endowment Board have long been concerned with the lack of an effective and accountable American institution capable of reinforcing the efforts of people around the world who seek to build free institutions and to challenge the foes of selfgovernment. Success did not come easily, but the breakthrough came when a new national effort to promote democracy abroad was announced by President Reagan in his address before the British Parliament in June 1982.

A conviction developed out of the study announced by the President in that address and out of the congressional authorization process which followed that the organization formed to carry out this purpose should be private. A private organization is both a more appropriate and effective instrument than a government agency for developing cooperative relationships with private groups at home and abroad.

Furthermore, as an independent organization, we are able to devise long-range plans free from the necessarily short-term policy preferences of any particular U.S. administration or the interests of any group. The Board is determined to maintain that crucial independence.

The Endowment keeps the executive branch fully informed of its programs and solicits the views of relevant U.S. officials in Washington and in Embassies abroad. Mr. Gershman will have more to say about that. As stated in the National Endowment for Democracy Act, it is also subject to thorough Congressional oversight and review.

As a private organization, however, the responsibility for setting policy and making funding decisions lies with the Board. The Endowment's Board is composed of prominent men and women from the mainstream of American political and civic life, Democrats and Republicans, representatives of business and labor, and others with long international experience. From the Congress we have the benefit of the very active participation of Senator Hatch, former Senator Bill Brock, and Chairman Dante Fascell of the House Foreign Affairs Committee.

The Board provides a forum where the experience and perspective of the major elements of the American private sector can be brought together with the experienced Government representatives I have just mentioned to define a coordinated program with clear direction and priorities.

Here the extensive field experience of the American labor movement, insights derived from the worldwide network of chambers of commerce and business associations, the practical know-how of our political parties, and the invaluable personal and professional experience of the individual members provide an extraordinarily broad base of information and collective wisdom for the development of the organization's programs and priorities.

We do not take our responsibilities lightly. The Board votes on all individual grants. Approval requires a two-thirds vote. We have met eight times as a full Board since we began in December 1983. And, in addition, we have had a great many committee and small group meetings.

Now, Mr. Chairman, I have asked Carl Gershman, the Endowment's President, to review the accomplishments of this first year. Carl began his work on May 1, 1984. Prior to joining the Endowment, he served as Senior Counselor to Ambassador Jeane Kirkpatrick at the U.S. Mission to the United Nations, where he represented the United States in the Third Committee, which deals with human rights, and served as an alternate representative to the U.N. Security Council.

Mr. Gershman was also a lead consultant to the Bipartisan Commission on Central America. We on the Board are very pleased that he has chosen to commit his considerable talent and energies to this very important work. In his first 10 months on the job he has made excellent progress in the development of a first-rate staff and a sound initial policy framework. As you will see from his report, an impressive number of innovative programs are under way.

Mr. Chairman, in closing I thank you once again for giving me this opportunity. I hope you share our enthusiasm for this exciting new endeavor and I thank you for your counsel and support.

[Mr. Richardson's prepared statement follows:]

Statement of John Richardson
Chairman
National Endowment for Democracy
to the
Senate Committee on Foreign Relations

March 29, 1985

Mr. Chairman and members of the Committee. Thank you for giving me this opportunity to appear before you today on behalf of the Board of Directors of the National Endowment for Democracy. My name is John Richardson; I am the president of Youth for Understanding, an international student exchange program. I have also had the great pleasure -- and challenge -- of serving as Chairman of the Endowment Board during this its first year of operation. It has been an exciting and satisfying year. We believe we have made significant progress toward establishing the private sector institution for the worldwide promotion of democratic values and institutions which the Congress envisioned when it passed the National Endowment for Democracy Act in November 1983.

We have a delicate and challenging assignment. We must operate openly, account for programs and funds fully, and still respond sensitively to the needs of people seeking peaceful paths to self-rule in a multiplicity of cultures and circumstances.

On behalf of all of the Endowment's Directors, I would like to thank this Committee for its commitment to this new endeavor and its ongoing support for our efforts. Your leadership and guidance have helped to insure that the National Endowment for Democracy is well on its way to becoming the thriving and creative institution which we are all working toward. We join with you in the hope that it will continue to develop into a strong and independent bipartisan expression of America's dedication to those values and freedoms which we all cherish.

We who serve on the Board are grateful for the opportunity which the President and the Congress have provided. All of us appreciate the vital role private organizations can play in support of democracy and freedom in the world. From my own work on private medical assistance to Poland in the 1950s, my service as President of Radio Free Europe in the '60s, as Assistant Secretary of State for Educational and Cultural Affairs in the '70s and, in some twenty years of volunteer leadership positions in Freedom House and in refugee work for the International Rescue Committee, I have come to appreciate the powerful contribution private nonprofit organizations are capable of in America. There is already a tremendous force being exerted in the world through the enormous variety of American organizations contributing to the development of self government, human rights and free institutions around the world.

Many of us on the Endowment Board have long been concerned with the lack of an effective and accountable American institution capable of reinforcing the efforts of people around the world who seek to build free institutions and to challenge the foes of self government. Success did not come easily. But the breakthrough came when a new national effort to promote democracy abroad was announced by President Reagan in his address before the British Parliament in June 1982, with a preparatory study to determine the shape of such a new institution as its centerpiece.

The study group put together to carry out the President's intent was led by Ambassador William Brock; Congressman Dante B. Fascell; Lane Kirkland, President of the AFL-CIO; Charles Manatt, then Chairman of the Democratic National Committee; Richard Richards, succeeded by Frank Fahrenkopf, Chairmen of the Republican National Committee; and Michael Samuels, Vice President, International, of the U.S. Chamber of Commerce. Each contributed an important institutional point of view. Working together they, with the other distinguished members of the study group representative of academia and the media as well as government, were able to weave a strong fabric of coordinated action and plans for the future. Because of the constellation of interests represented in the study, its recommendations carefully outlined a program which avoided duplication of effort and fostered an unprecedented cooperation amongst the groups involved. The Endowment was correspondingly well designed to fulfill the purposes for which it had been created.

A conviction developed out of the study and Congressional authorization processes that the organization itself should be private. A private organization is both a more appropriate and a more effective instrument than a government agency for developing cooperative relationships with private groups at home and abroad. Furthermore, as an independent organization we are able to devise long range plans free from the necessarily short-term policy preferences of a particular U.S. administration or the interests of any group. The Board is determined to maintain that crucial independence.

On the other hand, the Endowment keeps the executive branch fully informed of its programs and solicits the views of relevant U.S. officials in Washington and in embassies abroad. As stated in the National Endowment for Democracy Act, it is also subject to the appropriate Congressional oversight and review. As a private organization, however, the responsibility for setting policy and making funding decisions lies with the Board of Directors.

The Endowment's Board is composed of prominent men and women from the mainstream of American political and civic life -- Democrats and Republicans, representatives of business and labor, and others with long international experience. It is a forum where the experience and perspective of the major elements of the American private sector can be brought together to define a coordinated program with clear direction and priorities. Here the extensive field experience of the American labor movement, the worldwide network of chambers of commerce and business associations, the practical know-how of our political parties, and the invaluable personal and professional experience of individual members of the Endowment Board provide an extraordinarily broad base of information for the preparation of the organization's programs and priorities.

We do not take our responsibilities lightly. I have asked Carl Gershman, the Endowment's president to review the accomplishments of this first year. Carl began his work on May 1, 1984. Prior to joining the Endowment, he served as Senior Counselor to Ambassador Jeane Kirkpatrick at the U.S. Mission to the United Nations where he represented the United States in the Third Committee which deals with human rights and served as alternate representative to the Security Council. Mr. Gershman was also a lead consultant to the Bipartisan Commission on Central America. We are pleased that he has chosen to commit his considerable talent and energies to this very important work. In his first ten months on the job he has made excellent progress in the development of a first-rate staff and a sound initial policy framework. As you will see from his report, an impressive number of innovative programs are now under way.

Mr. Chairman, in closing, I thank you once again for giving me this opportunity to appear before you. I hope that you share our enthusiasm for this exciting new endeavor and thank you for your counsel and support.

The CHAIRMAN. Thank you very much, Mr. Richardson.

Mr. Gershman, would you proceed?

STATEMENT OF CARL GERSHMAN, PRESIDENT, NATIONAL ENDOWMENT FOR DEMOCRACY

Mr. GERSHMAN. Thank you, Mr. Chairman and members of the committee for this invitation to appear before you to present the National Endowment for Democracy's accomplishments to date and to describe our plans for the future.

At the outset, I would like to thank John Richardson, the Chairman of our Board and a man of proven dedication to the goal of strengthening democracy in the world. I would also like to pay tribute to one of your distinguished colleagues, Senator Orrin Hatch of Utah, who also serves on our Board. That the Endowment is off to a successful beginning is due, I believe, in no small measure to their leadership and sober judgment.

Mr. Chairman, we have with us today representatives of the Center for International Private Enterprise and the Free Trade Union Institute, the two institutes which were earmarked for funding in the authorizing legislation. I believe they have submitted written testimony.

We also have with us today representatives of the National Democratic Institute for International Affairs and the National Republican Institute for International Affairs, which received funding in fiscal year 1984 from the Endowment.

All of these people will be available to answer questions that any Senator may wish to address particularly to them.

Mr. Chairman, the National Endowment for Democracy has been in existence for little more than a year and in operation for a little less than a year. I have attached as an appendix our first annual report which describes our efforts during fiscal year 1984 and ask that it be entered into the record.

The CHAIRMAN. Without objection, it will be entered.

Mr. GERSHMAN. I have also submitted testimony which describes our procedures, programs, and plans. I will not take the committee's time to read this entire statement but ask that it too be included in the record, and I will spend only a few minutes briefly summarizing its contents.

We have devoted a very considerable portion of staff and Board time during the early months of our work to the task of putting into place sound administrative, financial, and reporting procedures. The Board has also adopted a procedures manual which includes grant guidelines and selection criteria.

These guidelines define the standards that must be met by all applicants and set forth the criteria to be considered when weighing the relative merits of proposals and determining funding levels. I request that this manual be included in the official record of the proceedings.[1]

The CHAIRMAN. So ordered.

Mr. GERSHMAN. Side-by-side with the development of these procedures has been an effort to define in concrete terms our policies, programs and priorities as we seek to implement the mandate set forth in our articles of incorporation and the National Endowment for Democracy Act. In this regard, I wish to call the committee's attention to the Statement of Principles and Objectives that our Board unanimously adopted in December.

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[1] See page 289.

We do not claim, Mr. Chairman, that this statement answers every question that the committee and Congress have about the Endowment, but it shows the care and prudence with which we are approaching our difficult tasks and our awareness of how complex and often sensitive this task is. I ask that this statement also be included in the official record of these proceedings.[2]

The CHAIRMAN. So ordered.

Mr. GERSHMAN. We are also proud to point out, Mr. Chairman, that though we have been in operation for only a very short time we have made a significant beginning in the development of a broad and varied program. Through the Free Trade Union Institute, we have provided support for strengthening free and independent unions in all regions of the world, including assistance to Solidarity in Poland and to the emerging black unions in South Africa, to urban and rural workers in the Philippines, and to democratic workers' federations in Chile and Nicaragua.

Through the Center for International Private Enterprise, we have provided support for a broad program in Peru, Zimbabwe, Mexico, the Dominican Republic and elsewhere to strengthen the role of business associations abroad as advocates of democracy based upon a free political system and an open market economy.

The Institutes established by our two major parties, the National Democratic Institute for International Affairs and the National Republican Institute for International Affairs, have now initiated their first programs using fiscal year 1984 funds. Among these programs was an historic meeting of our two party Institutes with the two major counterpart party foundations of Venezuela to develop a coordinated approach to democratic development in Latin America, including the training of Latin party leaders in both Caracas and Washington.

The Endowment also supports many other activities, including programs to strengthen civic education and participation of women in Argentina and seven African countries, and democratic training of youth in Panama; support to strengthen cooperatives and other private institutions in Chile and to promote human rights in Cuba; assistance to La Prensa in Nicaragua and to a nonpartisan center working for a democratic transition in Guatemala; support to reopen schools in Afghanistan and assistance for independent cultural activities in Poland; support to strengthen the network of democratic intellectuals in Europe and the Third World and for a journal promoting the values of intellectual pluralism among the thousands of Chinese students and scholars studying in the West; and support for democratic Russian-language journals that are circulated in the U.S.S.R. and Eastern Europe.

These and other activities involve many important private sector U.S. organizations in the work of the Endowment—the Overseas

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[2] See page 397.

Education Fund, the U.S. Overseas Cooperative Development Committee, the National Council of Negro Women, Partners of the Americas, Caribbean-Central America Action, the Phelps-Stokes Fund, the YMCA, Freedom House, the International Freedom to Publish Committee of the Association of American Publishers, the Cuban-American National Foundation, the Andrei Sakharov Institute, the Polish Institute of Arts and Sciences and many other organizations.

Through such work we can strengthen the ties that bind private U.S. institutions and democratic groups abroad.

Mr. Chairman, we believe we are off to a good beginning, but it is only a beginning. As I explain in detail in my longer testimony, our programs have been largely concentrated in Latin America, but serious efforts are now under way to broaden our programs in Africa, to develop programs in the Philippines, Thailand, and other countries in Asia, and to examine ways to help open the closed societies in Eastern Europe and the Soviet Union.

To accomplish this, to move beyond our initial startup period, we have requested $31.3 million for fiscal year 1986, which is the same amount called for in the original authorizing legislation. Of this amount, our Board has budgeted $13.8 million for the Free Trade Union Institute, which is also the same amount that was earmarked in the original authorizing legislation, and $5.5 million for the Center for International Private Enterprise.

We request that the legislation once again include the specific amount authorized, $31.3 million.

Mr. Chairman, I would like to use the remainder of my time to address two issues which I know are on the minds of many Senators. The first relates to the opinion of the U.S. General Accounting Office regarding our Board's decision to allocate less than the full earmarks in fiscal year 1984 to the Free Trade Union Institute and the Center for International Private Enterprise.

The earmarks contained in the authorizing legislation were based upon 100 percent funding of the Endowment. As you know, we were funded at less than 60 percent of the authorized level and made budget decisions based upon the Board's understanding of both the letter and the spirit of the authorizing legislation.

The NED Act clearly states that the Endowment shall make grants to other private sector groups. The Board awarded the balance of the Endowment's funds in grants to more than 20 other private organizations to conduct programs consistent with the Endowment's purposes.

In the opinion issued on March 22, 1985, the GAO found the actions of the Directors and officers of the Endowment "understandable in view of the legislative background," but maintained that they unintentionally violated the statute's intent in failing to award the full earmarked amount to the business and labor institutes. The GAO has not recommended any retroactive corrective measures. Should you wish any further documentation concerning this issue, Mr. Chairman, I would be happy to submit it for the record.

The second issue, Mr. Chairman, relates to the Institutes associated with our two major parties. During consideration of the fiscal year 1985 appropriation bill, a number of concerns were expressed about the involvement of the two party Institutes in democratic development work abroad. These concerns were raised in the abstract, prior to the establishment and implementation of policies and procedures by the two Institutes.

As I have already indicated, these two Institutes have approached their work in a highly professional and responsible manner, using fiscal year 1984 funds. The party Institutes are an integral part of the Endowment's efforts. Political parties are pivotal institutions in any democracy, and as such they deserve institutional support to encourage broad and responsible participation in the political process.

The party Institutes have an especially important role to play in the growing number of countries that are moving toward or returning to democracy, countries where once dormant or newly organized parties require assistance that is best provided by counterpart institutions.

Let me emphasize, Mr. Chairman, that Endowment guidelines prohibit the use of funds to finance political campaigns, and our statement of principles and objectives calls for a nonpartisan, institution-building approach to party work. Our goal is not to interfere in the democratic process but to strengthen it.

Mr. Chairman, the request that the administration submitted to Congress expresses a strong endorsement for the party Institutes, but it does not include any appeal for a specified level of funding. We are simply asking that the party Institutes be as eligible to apply for an Endowment grant as any other American organization.

In conclusion, Mr. Chairman, I want to stress that there is no cost free way to carry out the kind of broad, democratic effort that is needed. But let us not forget that the little we spend now through private cooperation to strengthen democratic institutions may well save a great deal more in the long run. The best bulwark against totalitarianism is democracy. It is better, and cheaper, to build this bulwark early on than to permit crises to develop where all possible options will carry a price tag that is prohibitively expensive, politically and militarily as well as economically.

In this respect, the National Endowment for Democracy represents a profoundly important and long overdue expression by our country of its enlightened self-interest. Our work has only begun. May we have the patience, the fortitude, and the wisdom to see it through.

Thank you, Mr. Chairman.

[Mr. Gershman's prepared statement and attachments follow:]

STATEMENT OF CARL GERSHMAN
PRESIDENT
NATIONAL ENDOWMENT FOR DEMOCRACY
TO THE
SENATE FOREIGN RELATIONS COMMITTEE
MARCH 29, 1985

Mr. Chairman and members of the Committee:

Thank you for this invitation to appear before you to present the National Endowment for Democracy's accomplishments to date and describe our plans for the future. At the outset I would also like to thank John Richardson, the Chairman of the Endowment Board, with whom I have had the great privilege of working during the past ten months. I would also like to pay tribute to one of your distinguished colleagues, Senator Orrin Hatch of Utah, who also serves on our Board. They are both distinguished Americans who have spent many years explaining, upholding and strengthening the democratic values and beliefs that form the core of our nation's heritage. That the National Endowment for Democracy is off to a successful beginning is due, I believe, in no small measure to the deep commitment and sober judgment they have brought to the task.

I have, of course, enjoyed working with all the members of our Board, who together represent a very broad spectrum of opinion in the U.S. The fact that this remarkably diverse and experienced group of Americans, some of whom may be adversaries in other contexts, has been able to agree upon a bold and wide ranging program for strengthening democracy abroad through private initiatives, constitutes an enormously hopeful development for our country. It underlines the fact that whatever differences we may have amongst ourselves on some issues, when it comes to democracy we are a united nation, at one in the belief that others less fortunate than ourselves should be allowed to enjoy the benefits of freedom, and confident in the conviction that democracy, as both a means and an end, offers the best hope for mankind.

The National Endowment for Democracy has been in existence for little more than a year, and in operation for little less than a year. I have attached as an appendix our first Annual Report which describes our efforts during FY 1984 and ask that it be entered into the record. Ours has been an eventful and exciting experience, at times difficult, but always rewarding. How could it not be rewarding, this effort to create something new, something that can help spread the freedoms we cherish to our friends throughout the world? The Endowment represents a serious commitment by our country to this purpose. It means that those who are struggling for a democratic alternative will have a place to turn to for assistance, and that private organizations in this country will have new resources to work with in aiding their counterparts elsewhere in the world.

While we have been inspired by the importance of the objectives involved in this undertaking, we have devoted a very considerable portion of staff and Board attention during these early months to the more immediate task of laying a solid foundation for our work. We know that if we are not good bureaucrats, we will not be able to be effective democrats. I would like to note briefly, therefore, some of the steps we have taken to put into place sound administrative, financial and reporting procedures.

In March 1984 the Endowment and the USIA signed a grant agreement for the full amount of the fiscal year 1984 appropriation. It describes the reporting relationship between the Endowment and the Agency and incorporates the language from the National Endowment for Democracy Act regarding required audits and reports to the President and Congress. It also incorporates standard Agency letter of credit procedures. That agreement was amended in October 1984 to include the Endowment's fiscal year 1985 appropriation.

The Board of Directors gave careful consideration to the staffing of the Endowment in its formative stages. The Board appointed a presidential search committee of its members which, assisted by the executive search firm Heidrick and Struggles, presented recommendations to the full Board in April 1984. At this time I was elected president. With the assistance of experienced management consultants, a staff plan was developed based on the functions and needs of the organization. At present the Endowment has a small (13) and effective group of employees.

The Board has also adopted a package of grant guidelines and selection criteria. These guidelines define the standards that must be met by all applicants and set forth the criteria to be considered when weighing the relative merits of proposals and determining funding levels. Incorporating the Endowment's purposes as stated in its Articles of Incorporation and the National Endowment for Democracy Act, the guidelines include prohibitions on:

-- any activity which serves to inform U.S. audiences of any U.S. political party's policy or practice, or candidate for public office;

-- expenditures for lobbying or propaganda intended to influence public policy decisions of the U.S. government;

-- support for violence by individuals, groups or governments;

-- the hiring of any person engaged in intelligence activity on behalf of the U.S. government or any other government;

-- any expenditures to finance the campaigns of candidates for public office at home or abroad.

All funding decisions are made by vote of the Board of Directors, in accordance with the Endowment's bylaws. Proposals are reviewed by the Endowment staff and, as appropriate, by outside experts, in preparation for their presentation for consideration by the Board.

In accordance with its commitment to work overtly, the Board has adopted a policy of openness. This policy requires that all proposals approved by the Board, grant agreements between the Endowment and its grantees, minutes of Director's meetings and official reports of the Endowment be available to the public upon request.

The Board has adopted a model grant agreement to be used with Endowment grantees. This grant agreement incorporates the requirements of the National Endowment for Democracy Act and the USIA/NED grant agreement. It sets forth the financial and program reporting requirements established for all grantees. These reports include a requirement for self-evaluation at the termination of all programs. The Endowment will, of course, also make its own evaluation of programs.

We believe that we have developed a set of responsible operating standards that answer many of the concerns which were raised in early debates surrounding the Endowment. At the same time, Mr. Chairman, we realize that this process is not yet completed, and we appreciate your interest in providing constructive examination of these early months of our work. We trust that the procedures which we have established will prove to be a solid foundation on which we can build a strong and responsible organization.

I would like to take a moment here to address the few questions which were raised in the grant agreement between USIA and the Endowment which have not as yet been resolved. In brief, they concern the extent to which the Endowment, in light of its unique authorizing legislation, should be subject to the standard provisions and regulations applied to other Agency grantees. The Endowment is not seeking, in any way, to avoid oversight, but rather to comply with the authorizing statute, which clearly places oversight responsibility with Congress and the General Accounting Office. It further states that "[t]he grant agreement may not require the Endowment to comply with requirements other than those specified in this title," (Section 503a) and that "otherwise applicable limitations on the purposes for which funds appropriated to the United States Information Agency may be used shall not apply to funds granted to the Endowment." (Section 503b).

Because the Endowment and the Agency had differing interpretations of the statute as regarded, specifically, the Agency's right of audit and the applicability of its standard grant provisions, we agreed to submit the matter to the Comptroller

General. The Comptroller General has the matter before him at this time. The Endowment maintains that the independent and GAO audit requirements stipulated by the Congress are appropriate and responsible oversight provisions.

On another issue, the GAO, at the request of Congressman Hank Brown, has recently ruled on a question concerning the Endowment's allocation of fiscal year 1984 funds, and specifically the Endowment's compliance with the earmarks for the Free Trade Union Institute (FTUI) and the Center for International Private Enterprise (CIPE) which appear in the authorizing legislation for fiscal years 1984 and 1985.

It is true that the Endowment Board awarded less than the specified amounts to each of these grantee organizations. The earmarked amounts were based on full funding at the $31.3 million level authorized. The Endowment received, however, less than sixty percent of the authorized level and made budget decisions based on its understanding of both the letter and the spirit of the authorizing legislation. The Act also clearly states that the Endowment shall make grants to other private groups. The Board awarded the balance of the Endowment's funds in grants to more than twenty other private organizations to conduct programs consistent with the Endowment's purposes.

In the opinion issued on March 22, 1985, the GAO found the actions of the Directors and Officers of the Endowment "understandable in view of the legislative background," but maintained that they unintentionally violated the statute's intent in failing to award the full earmarked amount to the business and labor Institutes. The GAO has not recommended any retroactive corrective measures. Should you wish any further documentation concerning this issue, Mr. Chairman, I would be happy to submit it for the record.

Side by side with the development of sound administrative procedures has been the effort to define -- in concrete terms -- how we understand our mission and how we intend to carry it out. At issue here are questions of policy, program, and priorities, questions having to do with the implementation of our mandate as set forth in our Articles of Incorporation and the National Endowment for Democracy Act.

In this regard, I wish to call the Committee's attention to the Statement of Principles and Objectives which our Board unanimously adopted in December. I ask that this statement be included in the official record of these proceedings. This statement, Mr. Chairman, is the result of many months of discussion within the Endowment, much of it in relation to the early requests for support that we received. It is an initial attempt to answer some of the hard questions that many in Congress have had about the Endowment: What are our program goals and priorities? What is our relationship to the United States Government? How do we plan to strengthen democracy in a manner that will not be disruptive, interventionist, or counter-productive?

We do not claim, Mr. Chairman, that this statement answers every question, but it answers many of the most important ones, and it shows the care and prudence with which we are approaching our task. Among the points I would like to stress about this statement are its emphasis on the private, nongovernmental character of the Endowment; the importance it attaches to strengthening -- as opposed to steering -- the democratic process; its recognition that democracy entails certain basic rights and procedures but may take a variety of forms suited to local needs and traditions; its understanding that programs supported by the Endowment will have to be suited to the different levels of democratic development that obtain in different countries; and its commitment to be relevant to all situations where there is need and opportunity.

As the statement makes clear, we will devote the major part of our resources to situations that offer a realistic prospect for achieving progress toward democracy; but at the same time, we will not neglect those who keep alive the flame of freedom in closed societies.

The statement establishes five broad categories of program: 1) Pluralism, which involves the development of strong, independent private-sector organizations, especially labor unions and business associations; 2) Democratic Governance and Political Processes, which includes nonpartisan efforts to strengthen political institutions and processes in unstable or newly emerging democracies; 3) Education, Culture and Communications, which includes efforts to strengthen free communications media as well as the popular understanding and intellectual advocacy of democracy; 4) Research, especially studies that will contribute to the development of programs to promote democracy; and 5) International Cooperation in the building and strengthening of democracy.

We are proud to point out, Mr. Chairman, that though we have been in operation for only a very short time, we have made a significant beginning in the development of programs in each of these categories. Let me briefly summarize a few of these programs:

I. Pluralism

Programs are under way through the AFL-CIO's Free Trade Union Institute (FTUI) to strengthen free and independent unions in all regions of the world, often in competition with efforts by anti-democratic groups to control and manipulate Third World workers' organizations. These programs include assistance to Solidarity in Poland and to the emerging black unions in South Africa, to urban and rural workers in the Philippines, and to democratic workers' federations in Chile and Nicaragua, as well as a worldwide effort to monitor and rectify violations of trade union rights.

At the same time, the Center for International Private Enterprise (CIPE) has initiated a broad program to strengthen the role of business associations abroad as advocates of democracy which have a unique understanding of the relationship between a free political system and an open market economy. One of the Center's many projects is assistance to a pioneering effort in Peru to end the exclusion from the legal system of the many thousands of small entrepreneurs and workers (including 60 percent of the workforce of Lima) who constitute the informal economic sector -- a project that has a special significance in a country besieged by terrorists who claim that the people can expect nothing from the law. Among CIPE's other programs are an effort in Mexico to improve public and media appreciation of the importance of open market processes, and in Zimbabwe, assistance to strengthen that country's National Chamber of Commerce.

Other programs in the area of strengthening pluralism include:

-- Support for Conciencia, an Argentine women's organization which provides basic civic education to the public to help consolidate the new democracy in that country;

-- Support for pluralism in Chile through an exchange program to strengthen cooperatives and through the development of a partnership program between private institutions in Chile and in the state of Washington;

-- Training programs to strengthen democratic initiatives by women in seven African countries, undertaken by the Overseas Education Fund (in Senegal, Mali, and Niger) and the National Council of Negro Women (in Guinea, Botswana, Swaziland and Lesotho).

II. Democratic Governance and Political Processes

Democracy requires a system of representative government in which leaders are chosen in freely contested, fair and periodic elections, and the rights of individuals and groups are assured through the just and equitable rule of law. In particular, a democratic political system requires strong, stable political parties committed to the democratic process.

The Institutes established by our two major parties, the National Democratic Institute for International Affairs (NDIIA) and the National Republican Institute for International Affairs (NRIIA), have now initiated their first programs, using FY 1984 funds. Examples of the Democratic Institute's programs include an unprecedented gathering in Washington of party leaders from all regions of the world, and a Legislative Fellows Program which will bring Third World party officials to the U.S. to work with members of our Congress and state legislatures. Among its programs, the Republican Institute encouraged broad participation in the recent elections in Grenada through nonpartisan programs to strengthen commitment to the democratic process, and it has assisted in the conduct of a comprehensive opinion poll in Guatemala which will provide a basis for a more effective voter education program.

In a unique cooperative effort, the two U.S. party Institutes joined with the political foundations of the two major Venezuelan political parties in a conference to explore means of collaboration in democratic institution-building abroad. Under consideration are joint U.S.-Venezuelan programs in Third World countries for training in democratic processes.

Other Endowment programs in the area of democratic governance and political processes include support to the Center for Democratic Studies in Nicaragua, an organization founded by the broad coalition of parties, unions, and business groups making up the civic opposition; and support to the Center for Political Studies, a nonpartisan group promoting dialogue, electoral and constitutional reform, and a new democratic consensus in Guatemala. The Endowment is also supporting nonpartisan publicity, polling and other efforts by the Guatemalan Center to assure that the October elections are a successful step in the transition to democracy.

III. Education, Culture and Communications

The Endowment has undertaken a number of programs in the fields of education, culture and communications. Among these programs are:

-- An emergency grant to help keep alive La Prensa, the only independent newspaper in Nicaragua;

-- Support for reopening schools in Afghanistan provided through the French doctors' groups Medecins Sans Frontieres, and support to the Cultural Council of Afghan Resistance for a variety of educational and informational activities designed to promote democratic values among free Afghans;

-- Support to Freedom House for a project designed to establish contacts and increase communications among democratic intellectuals in the Third World and Europe;

-- Support for The Chinese Intellectual, a Chinese-language journal promoting the values of intellectual pluralism among a key future leadership group, the 15,000 PRC students and scholars now studying in the West;

-- Assistance to a program organized by the distinguished Cuban writer and former political prisoner Armando Valladares to inform European public opinion about the human rights situation in Cuba;

- Support for the YMCA of Panama to train Panamanian youth in political leadership and the democratic process by providing a laboratory experience in the activities of government -- executive, legislative, judicial -- and news reporting;

- Assistance to independent educational and cultural activities in Poland and to the families of political prisoners who urgently require medicine, food and clothing;

- Support for the Fifth Sakharov Hearings, which will publicly examine Soviet human rights policies during the decade since the signing of the Helsinki accord;

- Support for two Russian-language journals, Time and We and Problems of Eastern Europe, thousands of copies of which have been circulated in the USSR and Eastern Europe.

IV. Research

The Endowment also funds occasional research projects that are designed to clarify issues confronting the Endowment in its efforts to encourage democracy abroad. It has made a grant to Stanford University for a project directed by Professor Seymour

Martin Lipset, which seeks to identify through case studies of 20 countries the factors determining the success or failure of democracy in developing countries.

V. International Cooperation

Finally, the Endowment seeks to encourage regional and international cooperation in the building and strengthening of democracy. Toward this goal it has funded the Committees for a Community of Democracies in a project designed to plan for the establishment of a new international association of democracies, and it has provided assistance to an effort to hold a conference for democratic youth from around the world.

* * *

We believe, Mr. Chairman, that we are off to a good start, both administratively and in terms of our initial programs. At the same time, however, we recognize that the needs of democrats abroad and the opportunities for the Endowment to assist them are vast, and that a great deal more remains to be done.

Its authorizing legislation calls upon the Endowment to "encourage free and democratic institutions throughout the world." For a number of sound reasons, though, a major portion of the Endowment's initial efforts have been directed at our own hemisphere. Latin America is the region of the developing world closest both geographically and culturally to the United States. Numerous U.S. private-sector organizations are active in Latin America. The Latins themselves seem to have quickly become aware of the Endowment and the potential support it can provide. A remarkable number of them have come in to see us here in Washington. And of course the current resurgence of democracy in Latin America has made the past year a most propitious time for many of the kinds of programs the Endowment was designed to fund.

All these factors have contributed to produce an outpouring of proposals from Latin America, and a correspondingly large share of Endowment grants for projects in this region. The Endowment is keenly aware, however, of the importance of encouraging democracy in other parts of the globe, and has been carefully establishing a framework for moving toward a more geographically balanced program.

The Free Trade Union Institute, working through the African-American Labor Center and the Asian-American Free Labor Institute, long established regional institutes affiliated with the AFL-CIO, already has in place extensive programs in Asia and Africa. Other members of the Endowment family are engaged in intensive exploratory efforts aimed at building up their activities in these regions.

With respect to Africa, the Center for International Private Enterprise (CIPE) funded a Club d'Afrique conference in Lome, Togo at which nearly 200 business, government and academic leaders from fourteen African countries met to consider ways to create incentive economies and market systems on that continent. The National Democratic Institute for International Affairs (NDIIA) is sponsoring a conference in Dakar, Senegal on the future of democracy in Africa which will establish the groundwork and help identify appropriate partners for future NDIIA programs in Africa. And the Endowment has also made recent grants to the Phelps-Stokes Fund to study how best to strengthen African private sector organizations, as well as to the Association for Education in Journalism and Mass Communications to assess the prospects for assisting journalist training in Africa. All these efforts should yield opportunities for launching significant Endowment projects in Africa.

Very few contacts with the Endowment have thus far been initiated by Asians, but we believe that as our institution becomes better known and understood, Asia can be a major area for future Endowment work. The Center for International Private Enterprise (CIPE) is planning to extend its training courses for business association managers to South Asia in 1986, and is also exploring possible ways of helping to strengthen the private sector in the People's Republic of China. The National Republican Institute for International Affairs (NRIIA) is sponsoring an Asian conference on the relationship between political environments and economic growth. In addition, the Endowment recently sent a consultant on a six-country visit to Asia to make the Endowment better known in the region and to inquire into potential partners and programs for the Endowment. His detailed report suggests twenty possible future projects, particularly in the Philippines, Thailand and India.

The Endowment has also been carefully appraising how it may expand upon its initial programs relating to Eastern Europe and the Soviet Union. It funded a study by the Andrei Sakharov Institute on ways of helping to open the "closed society." Then it convened a meeting of academic and government experts to discuss this subject and to consider the final report of the Sakharov Institute study. The Endowment has already received more than twenty proposals dealing with Eastern Europe and the Soviet Union, reflecting the enormous interest shown in the Endowment by exiled democrats and by Americans of Eastern European heritage. We believe it is imperative that the Endowment not turn its back on this part of the world, and we are proceeding in a measured way to develop more extensive programs in this area.

Thus, while Latin America will undoubtedly remain a priority region for the Endowment, we believe that the increased authorization requested for FY86 will make it possible for us to put in place an overall program that begins truly to meet our global mandate.

Our budget submission is divided into the five principal program categories described above: 1) Pluralism, 2) Democratic Governance and Political Processes, 3) Education, Culture and Communications, 4) Research and 5) International Cooperation.

The promotion of pluralism through the strengthening of independent private-sector organizations is the Endowment's single most important area of work. This category of programs encompasses the activities of both FTUI and CIPE. Each has submitted testimony defending the request in the budget submission for $13.8 million in the case of FTUI and $5.5 million in the case of CIPE. The level requested for FTUI is the same as that anticipated in the authorizing legislation for FY84 and FY85. CIPE, now well into its second year of existence, has been proceeding in a deliberate manner to build an organization capable of carrying out a substantial worldwide program. Its share of the requested FY86 authorization will enable it significantly to expand its operations and to move toward greater parity in funding levels with the Free Trade Union Institute. The Endowment's support for women's and youth organizations abroad will be another area of growth in the category of pluralism.

In FY 1984, the Endowment committed a significant portion of its program resources to efforts to strengthen parties abroad, working with NDIIA and NRIIA.

During consideration of the FY-85 appropriation bill, however, a number of concerns were expressed about the involvement of the two party Institutes in democratic development work. These concerns were raised in the abstract, prior to the establishment and implementation of policies and procedures by the two Institutes. As I have already indicated, these Institutes have approached their work in a highly professional and responsible manner, using FY-84 funds.

The party Institutes are an integral part of the Endowment's efforts. Political parties are pivotal institutions in any democracy, and as such they deserve institutional support to encourage broad and responsible participation in the political process. The party Institutes have an especially important role to play in the growing number of countries that are moving toward or returning to democracy, countries where once dormant or newly organized parties require assistance that is best provided by counterpart institutions.

Let me emphasize that Endowment guidelines prohibit the use of funds to finance political campaigns, and our Statement of Principles and Objectives calls for a nonpartisan, institution-building approach to party work. Our goal is not to interfere in the democratic process but to strengthen it.

Mr. Chairman, the request that the Administration submitted to Congress expresses a strong endorsement for the party Institutes, but it does not include any appeal for a specified amount of funding. We are simply asking that the party Institutes be as eligible to apply for an NED grant as any other American organization.

Also in the area of strengthening democratic political processes, we anticipate a notable increase in Endowment support for nonpartisan centers for democratic research and political dialogue. As already indicated, the Endowment is funding programs of this kind in Guatemala and Nicaragua, and we believe that this is a model that may be usefully replicated in many other countries.

Within the category of Education, Culture and Communications, the Endowment sees an important role for itself in the field of journalist training. In addition to the study of the needs of African journalism it has launched through the Association for Education in Journalism and Mass Communication (AEJMC), it has been exploring program possibilities in this field in both Asia and the Caribbean. Youth education in democracy is another area in which there is a vital need for Endowment support. Caribbean Central America Action has received a small Endowment grant to assess what can be done to assist youth education in Dominica and other islands of the Eastern Caribbean. The Endowment also anticipates new requests for its assistance in helping to sustain independent educational and cultural activities within closed societies. The categories of Research and International Cooperation receive exceedingly modest funding, but here too there is much more useful work that could be done. In sum, we hope that the Congress will see fit to allow the commitment to encouraging democracy abroad embodied in the Endowment to grow into an institution capable of fulfilling its broad and vital mission.

For too long, Mr. Chairman, the United States has abandoned the field of political competition to its adversaries. Our democratic friends could expect little from us, and we in turn would express dismay over the weakness of democratic forces and the absence of a strong democratic alternative to communism.

We can change this, but it will take time, effort and resources. There is no cost-free way to carry out the kind of effort that is needed. But let us not forget that the little we spend now through private cooperation to strengthen democratic institutions may well save a great deal more than that over time. The best bulwark against totalitarianism is democracy. It is better -- and cheaper -- to build this bulwark early on, than to permit crises to develop where all possible options will carry a price-tag that is prohibitively expensive, politically and militarily as well as economically.

In this respect, the National Endowment for Democracy represents a profoundly important and long overdue expression by our country of its enlightened self-interest. Over the long run, democratic systems are the most reliable friends of the United States and the most trustworthy defenders of the values we hold dear.

The fact that we have launched the Endowment is a signal to our democratic friends that we have a stake in their struggles and in their well-being, and that we share with them a profound common interest in the success of democracy in the world. We must not let them down.

Our work has only begun. May we have the patience, the fortitude, and the wisdom to see it through.

NATIONAL ENDOWMENT FOR DEMOCRACY

NATIONAL ENDOWMENT FOR DEMOCRACY

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NATIONAL ENDOWMENT FOR DEMOCRACY

ANNUAL REPORT 1984

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CHAIRMAN'S MESSAGE

This is the first annual report of the National Endowment for Democracy, a pioneering American effort to assist people throughout the world toward effective self-government.

We are a private, non-profit organization, utilizing funds appropriated by the federal government to support the efforts of people everywhere to build democratic institutions. This is a delicate and challenging assignment. We must operate openly, account for programs and funds fully, and still respond sensitively to the needs of people seeking peaceful paths to self-rule in a multiplicity of cultures and circumstances.

Thanks to the forethought and persistence of our founders, the Endowment is well equipped to meet the challenge.

After the idea of a new effort to promote democracy abroad was announced by President Reagan in his address to the British Parliament on June 8, 1982, a preparatory study was undertaken under the leadership of Ambassador William Brock; Congressman Dante Fascell; Lane Kirkland, President of the AFL-CIO; Charles Manatt, Chairman of the Democratic National Committee; Richard Richards, succeeded by Frank Fahrenkopf, Chairmen of the Republican National Committee; and Michael Samuels, Vice President, International, of the U.S. Chamber of Commerce. The American Political Foundation, with George Agree as President, sponsored the study. Directed by Professor Allen Weinstein, who later served as Acting President of the Endowment, the study led to authorizing legislation and an $18 million appropriation, signed into law in November, 1983.

The Endowment Board of Directors, a distinguished and representative group of men and women from the mainstream of American political and civic life -- Democrats and Republicans, representatives of business and labor, and others with long international experience -- began its work in December 1983. Under the chairmanship of Congressman Dante Fascell, we set about the business of building a solid administrative and philosophical foundation for the new organization.

In March, I was honored with the position of chairman after Congressman Fascell resigned due to his new duties as chairman of the House Foreign Affairs Committee. At the same March meeting, we were delighted to welcome Senator Orrin Hatch to the Board.

The deliberations of our presidential search committee under the chairmanship of Dr. Olin Robison, President of Middlebury College, came to a close in April when the Board elected Carl Gershman President of the Endowment. Mr. Gershman, who had most recently served as Senior Counselor to Ambassador Jeane Kirkpatrick at the U.S. Mission to the United Nations, brought a wealth of knowledge, talent and enthusiasm to his position. He has alreadymade excellent progress in the development of a first-rate staff and a sound initial policy framework.

The first year has been eventful and exciting. As you will see from the report which follows, an impressive number of innovative programs are under way. On behalf of the Board of Directors, it is my pleasure to thank all those who have believed in and supported the National Endowment for Democracy in this crucial formative period.

John Richardson

John Richardson
Chairman

STATEMENT OF MISSION

The establishment of the National Endowment for Democracy represents a renewed commitment by the American people to the objective of encouraging freedom and democracy throughout the world. This objective accords both with cherished American ideals and with universally recognized principles of international law. The Universal Declaration of Human Rights and other United Nations agreements (including the Conventions of the International Labor Organization), as well as the Helsinki Final Act, commit governments around the world to honoring the fundamental human rights that are guaranteed to the citizens of the United States and other free societies. The challenge facing democrats everywhere is to develop the institutional and cultural framework in which these noble principles can be realized in practice. This is the task to which the Endowment hopes to contribute by assisting the citizens of other countries in building and strengthening their own democratic institutions.

The expansion of private, voluntary initiatives to promote democracy cannot be accomplished through governmental action alone. The creation and structure of the Endowment reflect the view that the U.S. private sector is both a more appropriate and a more effective vehicle than government for working with private groups abroad to advance the democratic cause. The flexibility afforded by the Endowment's nongovernmental character gives it a crucial advantage in developing partnerships and cooperating with foreign organizations. As a grant-making organization, the Endowment will enhance the capabilities of American private sector groups to assist and encourage their counterparts abroad. As an institutional reference point for the effort to strengthen democracy, it will make possible the kind of sustained and coordinated support that can make a difference over time.

By its very nature, such support cannot be governed by the short-term policy preferences of a particular U.S. administration or by the partisan political interests of any party or group. The Endowment keeps the executive branch fully informed of its programs and solicits the views of relevant U.S. officials in Washington and in embassies abroad. As stated in the National Endowment for Democracy Act (P.L. 98-164, Title V), the Endowment is also subject to the appropriate Congressional oversight and review procedures. But as a private non-governmental organization it sets its own policies and makes its own decisions.

The Endowment will be effective in carrying out its mission only if it stands apart from immediate policy disputes and represents a consistent, bipartisan, long-term approach to strengthening democracy that will be supported through successive administrations. While the Endowment must also be prepared to provide timely assistance in critical moments to foreign democrats, its decisions must be guided by the urgency of the need in the context of the Endowment's broad democratic objectives, not by the exigencies of government policy or the partisan concerns of a particular political viewpoint.

The Endowment recognizes the importance of ideas in the contemporary world and the need to nourish an intellectual climate in which democracy can grow and flourish. Fundamental to the democratic process is a lively competition among points of view, interest groups and independent institutions. The goal is not to steer other nations toward the adoption of any particular set of policies, but rather to help them evolve into stable and vigorous democratic societies.

The activities supported by the Endowment will be guided by the six purposes set forth in the Endowment's Articles of Incorporation and the National Endowment for Democracy Act as passed by the United States Congress. These six purposes are:

(1) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

(2) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

(3) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private sector groups) in democratic training programs and democratic institution-building abroad;

(4) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

(5) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions and organizations of democratic pluralism; and,

(6) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

In all its efforts to implement these purposes, the Endowment will be guided by the following principles:

- -- that democracy involves the right of the people freely to determine their own destiny;
- -- that the exercise of this right requires a system that guarantees free and competitive elections, freedom of expression, belief and association, respect for the inalienable rights of individuals and minorities, free communications media, and the rule of law;
- -- that a democratic system may take a variety of forms suited to local needs and traditions, and therefore need not follow the U.S. or any other particular model;
- -- that the existence of autonomous economic, political, social and cultural institutions is the best guarantor of individual rights and freedoms and the foundation of the democratic process;
- -- that private institutions in free societies can contribute to the development of democracy through assistance to counterparts abroad;
- -- that such assistance must be responsive to local needs and seek to encourage -- but not to control -- indigenous efforts to build free and independent institutions; and,
- -- that the partnership envisaged between those who enjoy the benefits of democracy and those who aspire to a democratic future must be based upon mutual respect, shared values, and a common commitment to work together to extend the frontiers of democracy for present and future generations.

The programs supported by the Endowment will not only have to take account of cultural and economic diversity, but must also be suited to the particular state of democratic development that obtains in different countries. In countries where democracy exists but is not securely established, the task will be to enhance the credibility and efficiency of democratic governance and to strengthen the private-sector institutional and cultural framework. Where countries are in transition to democracy, it is the process of transition itself that should be assisted by measures to broaden confidence in the democratic process and to reinforce groups committed to democracy.

In countries where political democracy can only be a long-term goal, the Endowment will concentrate on helping to build such institutions as independent business organizations, free trade unions, a free press and an independent judiciary.

In societies where even these independent institutions are prohibited or severely restricted, the immediate objective will be to enlarge whatever possibilities exist for independent thought, expression and cultural activity.

While the Endowment will concentrate the major part of its resources on situations that offer a realistic prospect for achieving progress toward democracy, it will not neglect those who keep alive the flame of freedom in closed societies.

The effort to foster democracy is necessarily a long-range project. In most cases, results will not be attained quickly but will require long years of steady and persistent work. Democracy itself is hard work; it is not achieved through a single election or a particular reform. Democracy consists of institutions, habits, procedures, and values that evolve over time and according to the needs and traditions of diverse political cultures. No amount of effort or investment of resources could be successful, however, if the idea of democracy were not intrinsically attractive to people throughout the world. We believe that the democratic idea has enormous appeal; that, indeed, it is an ideal that billions of people in all parts of the globe revere and aspire to. These people are our partners, or our potential partners. We hope that the Endowment's work will not only help them achieve the blessings of democracy, but will also strengthen the bond between them and the people of the United States, a bond based on our common commitment to democracy as a way of life.

PRESIDENT'S REPORT

In its first year of existence, the National Endowment for Democracy has begun the formidable task of translating a bold idea -- strengthening democracy in the world -- into a practical reality. The report that follows summarizes the Endowment's initial efforts.

It has been said that the survival of democracy requires eternal vigilance. And indeed it does: democracy is challenged on all sides by diverse and often abundantly financed movements and ideologies. But beyond vigilance, the well-being and extension of democracy require effort and commitment, the kind of idealism and dedication that are rooted in the American tradition and reflect the robust optimism and democratic spirit of the American people.

As a grant-making institution, the National Endowment for Democracy has been especially designed to draw upon the energies and talents of the U.S. private sector. It offers a means whereby private citizens and groups in the United States can join hands with their counterparts abroad in a common effort to strengthen democracy.

The programs described in this report combine wide geographical reach with a consistent emphasis on strengthening pluralist institutions, democratic processes and cultural freedom. They represent a good beginning -- but only a beginning. The real work lies ahead.

In keeping with the broad democratic purpose of the Endowment, we have not adopted a dogmatic approach to our work. There are no simple formulas or pre-existing blueprints that chart our course. The best programs do not come off drawing boards but emerge from a constant, intensive dialogue with those private sector groups abroad who are -- or will become -- our partners.

These partners represent no single group. Some are workers struggling to build free trade unions, often in exceedingly difficult circumstances. Some are businessmen dedicated to encouraging the evolution of free societies by strengthening the institutions of a free economy. Some are leaders of political parties whose overriding commitment is to a system that guarantees free and fair political competition. And there are others: writers and artists; educators and student leaders; journalists; lawyers; leaders of cooperatives, civic groups, and minority and women's organizations; and individuals dedicated to enhancing respect for the fundamental rights and freedoms of all people.

In the Endowment's efforts to strengthen pluralism abroad, the work of the AFL-CIO's Free Trade Union Institute and the National Chamber Foundation's Center for International Private Enterprise deserve special note. So, too, does the work of the National Democratic Institute for International Affairs and the National

Republican Institute for International Affairs, which represents an unprecedented commitment by our two major parties to the strengthening of democratic institutions and political processes in other countries. Many other U.S. educational, cultural and civic institutions have also joined in the Endowment's efforts.

Nothing has been more important for the Endowment during its first year than laying the proper foundation for its operations. Toward that end, the Board of Directors has taken a number of steps:

-- It has approved a model grant agreement to be signed between the Endowment and its grantees. The model agreement incorporates standard grant procedures regarding oversight, financial accountability and reporting requirements.

-- It has approved a Statement of General Procedures and Guidelines, prepared in accordance with the Grant Agreement between the Endowment and the United States Information Agency, which sets forth the procedures the Endowment will follow to (1) publicize the availability of grants; (2) obtain submission of grant applications by private sector groups; (3) select grantees and determine the level of funding to be provided; and (4) monitor and assure compliance with the Act by its grantees.

-- It has adopted three resolutions that clarify important aspects of Endowment policy. The first instructed the president to implement an openness policy, according to which all proposals approved by the Board, grant agreements between the Endowment and its grantees, minutes of Directors' meetings and official reports of the Endowment are available to the public upon request. The second resolution prohibited the expenditure of funds by the Endowment or any of its grantees to finance the campaigns of candidates for public office. In the third resolution, the Board explicitly stated that no funds granted to the political party institutes would be used to finance activities of the Republican or Democratic National Committees.

-- It has extensively reviewed a broad conceptual paper that sets forth a long-term program for the Endowment. In addition to explaining the mission of the Endowment, the paper defines priorities and describes the kinds of programs that the Endowment supports. The essential elements of this strategy are reflected in the report on fiscal year 1984 programs which follows.

The fact that the Endowment has been able to establish a sound organizational and administrative structure and initiate a broad and innovative program is a tribute to the hard work of a small staff and the close attention that the Board of Directors has paid to the development of this important institution.

It has been exciting to be associated with the Endowment during this crucial period in its history. We have approached the task of launching the organization with the conviction that the Endowment holds the potential to do tremendous good in the world. It can help make democracy a possibility for people who might otherwise have little hope. It can reinforce belief in democracy and broaden the community of those who share this belief and are prepared to defend it. By assisting those whose fate, like ours, is bound inseparably to the future of democracy, the Endowment can help ensure that that future will be brighter for us all.

FISCAL YEAR 1984 PROGRAMS

INTRODUCTION

For the purpose of this report, the National Endowment for Democracy's grants in fiscal year 1984 have been divided into five substantive program categories:

I. Pluralism
II. Democratic Governance and Political Processes
III. Education, Culture and Communications
IV. Research
V. International Cooperation

The largest share of the Endowment's resources was devoted to assisting the development of strong, independent private sector organizations abroad, especially labor unions and business associations. A second major focus of Endowment efforts was the strengthening of democratic political institutions and processes, with particular emphasis on political parties. Projects aimed at encouraging the spread of democratic principles and ideas constituted a third significant area of Endowment activity. Although research and international cooperation received much more modest funding, they are nonetheless considered critical to the Endowment's overall program.

I. PLURALISM

An essential precondition of democracy is the existence of a variety of independent organized groups representing diverse interests. The authors of the Federalist argued that competition among a "multiplicity of interests" was both the very heart of democratic politics and the best security for the rights of individuals and minorities. Exercise of the basic right of freedom of association, recognized both in our own First Amendment and in many international agreements, enables individuals with common interests to combine into strong and independent organizations that can represent the views and protect the rights of their members. Where this kind of pluralism is allowed to flourish, it is likely that undemocratic political systems ultimately will have to accommodate to a process of free and fair competition for power. And in functioning democracies, vigorous private, voluntary institutions present powerful obstacles to unwarranted extensions of governmental authority. Moreover, these organizations serve as "schools of democracy," accustoming their members to the free discussion, accommodation of differing views, and respect for procedural rules that are intrinsic to democratic politics.

The two largest and most important elements of pluralism in the economic sphere are business and labor. In recognition of their central role, Congress in the National Endowment for Democracy Act mandated a special relationship with the Endowment for the AFL-CIO's Free Trade Union Institute and the National Chamber Foundation's Center for International Private Enterprise. These institutes, which are designated recipients of the major portion of the Endowment's congressional appropriation, each carry out a series of integrated programs aimed at strengthening the contributions to democratic pluralism of their counterparts abroad.

A. Labor

Free and independent trade unions play an indispensable role in the process of democratization. In addition to protecting the job-related rights of individual workers, unions constitute an organized force for representing the interests of common people in the political, economic and social life of a country. By giving democratic representation to working people and ensuring their inclusion in the processes by which decisions are made and power is distributed, unions help developing societies avoid the kind of sharp polarization that feeds political extremism and allows anti-democratic groups to exploit worker grievances. Unions also represent a means for the peaceful democratization of totalitarian societies. Independent trade unions thus constitute a fundamental part of the Endowment's effort to promote democracy.

The Free Trade Union Institute (FTUI)
$11,000,000

The Free Trade Union Institute, a private, non-profit corporation sponsored by the AFL-CIO, was founded in 1977 to assist in the longstanding efforts of the American labor movement to advance free trade unionism abroad. FTUI's extensive programs are presented here by region (Latin America, Asia, Europe and Africa), and also are subdivided according to the six purposes set forth in the National Endowment for Democracy Act: Institution-building, Exchanges, Training and Civic Education, Electoral Processes, Democratic Pluralism and Democratic Development. FTUI programs in Latin America, Asia and Africa are carried out in large part through the AFL-CIO's three regional labor institutes, the American Institute for Free Labor Development (AIFLD), the Asian American Free Labor Institute (AAFLI), and the African American Labor Center (AALC).

1. Latin America

a. Institution-building: In Chile, FTUI has assisted the Union Democratica de Trabajadores (UDT), a democratic union founded in 1981 whose development has been severely curbed by government restrictions and threatened by communist-subsidized rivals. Institutional support funds have enabled the UDT to establish youth and community services, to distribute an information bulletin and to conduct a media outreach campaign. Regional offices have been established and eleven seminars have been held for union members. Organizing efforts have also progressed in four trade sectors.

In Grenada, an Organization of Citizen Awareness has been established to promote leadership training and discussion of policy issues in advance of the December 1984 elections. While initiated by labor, the new organization represents a broad coalition of democratic groups. A major effort is being made to involve in the discussions young people who have not previously had any experience with the democratic process.

In Brazil, where opportunities now exist for expanding union participation in the evolving democratic process, consideration is being given to the establishment of regional civic education centers. It is hoped that such educational efforts will strengthen the organizing efforts of the democratic union leadership.

Efforts are under way to aid the organization of teachers in Colombia through funds granted to the International Federation of Free Teachers' Unions (IFFTU), the international trade secretariat for teachers. Similar organizing efforts are under way in Guatemala, El Salvador, Panama, Uruguay, Paraguay, and St. Lucia.

Assistance in the form of loans, medical assistance and family resettlement support has been given to democratic trade unionists from Nicaragua now living in exile in Costa Rica. Funds are also allotted for support of trade unionists from other countries if they are forced into exile.

b. Exchanges: The exchange program with Latin American trade unionists is designed to offer technical assistance that helps them develop sound trade union structures and learn about the techniques of political and electoral action. Exchanges also sensitize U.S. trade unionists to the region so that they are in a better position to offer meaningful cooperation.

Latin American unionists responsible for setting up political education committees in their unions will visit the U.S. to observe the presidential elections, and a visit to Central America by trade unionists from New England is planned.

c. Training and Civic Education: Assistance has been given for special education programs sponsored by two trade union central bodies in Colombia, the Union de Trabajadores de Colombia (UTC) and the Confederacion de Trabajadores de Colombia (CTC). The program includes education in democratic political theory and processes, and a research program to study the voting records of elected officials and the degree of electoral participation by various social groups.

In Peru, the Confederacion de Trabajadores Peruanos (CTP) has started a program in voter education. A political education center has been established in Lima, with a regional office in Arequipa, and plans have been laid for a program of publications and for regional conferences on democracy and political participation.

Trade union education programs are also planned in Guatemala, El Salvador, Panama, Brazil, Chile, Uruguay, Paraguay and St. Lucia. In Paraguay, Uruguay and St. Lucia, such programs have assisted in the establishment of new unions with pro-democratic leadership. The Confederacion de Trabajadores Venezolanas (CTV) of Venezuela is assisting in the establishment of these education programs.

In conjunction with these activities, training materials are being developed for the region. A basic education manual, "Trade Unions and Political Action," has been translated into Spanish and Portuguese for use in the courses.

In the Dominican Republic, support has been given to the Confederacion Nacional de Trabajadores Dominicanos (CNTD) in its efforts to promote a national consensus regarding the response to the severe internal economic crisis. An ongoing forum is being established among key groups in the hope that agreement on a common agenda will reduce the tensions that exploded in violence in the spring of 1984.

d. Electoral Processes: In Guatemala, a FTUI project enabled five trade unionists to travel throughout the country to explain to workers the processes governing the Constituent Assembly elections in July 1984. A wide variety of political party leaders and candidates were invited to meet with union leaders to hear labor's views on key national issues and union members were encouraged to vote. The Confederacion de Unidad Sindical de Guatemala (CUSG) plans to expand upon these activities in preparation for the presidential elections.

In Panama, a number of seminars on electoral processes were conducted in Panama City and Puerto Armuelles. Shortly before the election in May 1984, the Confederacion de Trabajadores de la Republica de Panama (CTRP) sponsored a May Day rally which offered an alternative to a communist-sponsored rally on the same day. The CTRP rally broke the tradition of "United Front" rallies in which communist and democratic trade unions had previously joined together. At all these activities, union members were urged to participate in the voting process.

A research trip has been made to consult with unions in Costa Rica, El Salvador, Honduras and the Dominican Republic regarding plans to establish union political action committees.

All of the above-mentioned activities are designed to promote participation of union workers in the electoral process. In no case have FTUI funds been used to support the campaign of a particular candidate for public office.

e. Democratic Pluralism: In order to encourage a cultural atmosphere conducive to the growth of democratic unionism and political freedom in general the FTUI supports "Libro Libre," a broad program of research and publication. Initial activities have included two studies, one on the relationship between democracy and development, and a second on the history of the Miskito Indians of Nicaragua.

An enhanced program of research and education is also planned at the Colegio Laboral, a labor-sponsored research center in Colombia. The work will include curriculum development and course offerings in economics and political theory, and a study analyzing voting behavior.

Courses on democracy have also been offered in Venezuela, the Dominican Republic, Panama, Honduras, El Salvador, Chile and Peru. As many as one hundred activists from scores of democratic unions participated in each course, which examined such topics as "Open vs. Closed Societies," "Trade Unions and Political Action" and "Political Theories in Economic Development."

A Labor Watch project has been started in cooperation with the Organizacion Regional Interamericana de Trabajadores

(ORIT), the regional organization of the International Confederation of Free Trade Unions (ICFTU). Fact-finding missions have been to Honduras and Nicaragua and as a result of European support mobilized by the Labor Watch, the offices of the Nicaraguan Confederacion de Unificacion Sindical (CUS) were reopened after having been closed by the Sandinista government. With support from FTUI, the union has published a monthly labor magazine and maintained its offices.

In Suriname, another country where democratic unionists have been persecuted (union leader Cyrill Daal was murdered in 1982 along with 14 other democratic leaders), a radio broadcasting program was established to enable exiled union leaders abroad to communicate with their members.

2. Asia

a. Institution-building: A major effort to strengthen democratic unions is being undertaken in the Philippines, where democratic forces have been stymied by martial law, the turbulence following the Aquino assassination and the growth of Marxist-oriented organizations. In addition to support for rural organizing, efforts are being made to increase cooperation between the industrial labor organizations represented by the Trade Union Congress of the Philippines (TUCP) and the developing peasant unions associated with the National Congress of Farmers Organization (NCFO). One of the practical benefits of such cooperation is that NCFO farmer coops and TUCP consumer coops are working together to provide markets for farm commodities at lower prices for urban workers. Support has also been provided for basic organizing and to help establish and maintain union facilities.

In the South Pacific, which has recently become a key focus of activity by the Soviet-backed World Federation of Trade Unions, programs are being established to enable the emerging union movement to train and service workers. A South Pacific regional office of the Asian American Free Labor Institute (AAFLI) has been established in Fiji, and a seminar on cooperatives and economic development was held in September 1984 for participants from eight island countries. Efforts are also being made to increase participation by the New Zealand Federation of Labor in the regional activities of international trade secretariats.

b. Exchanges: In August, a delegation of nine leaders representing all political tendencies within the Jordan Federation of Trade Unions (JFTU) visited the United States for two weeks of discussions with American trade unionists. AAFLI officials have been invited to attend the next convention of the JFTU. These exchanges represent a significant improvement in relations with the Jordanian union movement, which until recently has been relatively isolated from the West.

c. Training and Civic Education: In the Philippines, the National Congress of Farmers Organizations (NCFO), with FTUI assistance, has held a series of regional seminars to help farmers deal with problems of credit, land tenure and reform, and new technology.

Elsewhere in Southeast Asia, FTUI has assisted the ASEAN Trade Union Council (ATUC), a regional association that complements the Association of South East Asian Nations -- Singapore, Malaysia, Indonesia, Thailand, the Philippines and Brunei -- in establishing a secretariat in Jakarta and three permanent issues committees. The secretariat has taken steps to consult regularly on regional and national labor issues.

A regional seminar on cooperatives was held in Fiji, co-sponsored with the Israeli central trade union Histradut, and attended by representatives of unions from eight South Pacific states. And in Pakistan, a series of seminars designed to help trade unions protect themselves against totalitarian and Moslem fundamentalist efforts to erode their democratic character was held at three local trade union centers.

d. Democratic Pluralism: One obstacle to the successful development and functioning of democratic unions is their frequent inability to conduct convincing information programs. This problem has been particularly acute in the Philippines, where the main democratic trade union center has recently faced mounting competition. FTUI funds have been given to a major domestic trade union central to purchase office and press equipment essential to a comprehensive publishing capability. A department of press and publications has been able to counteract left-wing propaganda; newspapers are being published and press releases issued. A seminar has been held for trade unionists responsible for publishing union newsletters. As a result of their newly learned skills, union publications are expected to increase in number and circulation, be more readable and thus elicit greater support for positions taken by the trade union movement.

e. Democratic Development: In the Philippines, a series of programs with the major peasant/worker trade union (NCFO) has begun to develop increased technological capability, sophisticated credit mechanisms and positions on land tenure and reform.

3. Europe

a. Institution-building: Two of the most important democratic trade unions in Europe -- France's CGT-Workers Force (FO) and Portugal's General Union of Workers (UGT) -- are being assisted by FTUI in countering a variety of anti-democratic efforts in the European labor movement. As democratic allies, these unions have worked together with

American labor on behalf of democracy in the International Confederation of Free Trade Unions (ICFTU), the International Labor Organization (ILO) and other international forums.

The Portuguese UGT has received FTUI assistance in placing organizers in the field to do political work in the aftermath of administrative elections. The UGT has been most successful in union sectors dealing with textiles, agriculture, metal, chemicals, fishing and mining. FTUI funds were also used to help the UGT conduct its Third National Congress.

In France, a trade union-like organization for professors and students has developed a comprehensive program to provide an effective counterweight to the propaganda efforts of left-wing organizations of professors active within the university system. FTUI has supported a series of seminars, and the publication of posters, books and pamphlets on such topics as "Subversion and the Theology of Revolution" and "Neutralism or Liberty." Funding has also been used for essential staffing and office costs.

In Spain, FTUI is assisting the Solidarity of Basque Workers (ELA-STV), a trade union in one of the most important industrial regions of the country. There, unionists have trained activists and organizers to build and strengthen the labor organization and conducted a number of seminars for union leaders.

The same unions receiving funds for institution-building in Europe have received additional support for complementary training and civic education programs.

b. Democratic Pluralism: There are a number of European-based public policy institutes, research organizations and publications assisted by FTUI which concentrate on explaining the anti-democratic character of totalitarian regimes and the persecution of workers within them. These organizations also publish historical and contemporary studies of anti-democratic groups active within democratic countries, including Communist-dominated trade unions and parties.

In France, these organizations include the Institute for Human Rights, the Institute of Social History and the Sino-Soviet Institute. The Institute for Human Rights has prepared a travelling exhibit that has been shown throughout France, which focuses on the Soviet system and its impact on conditions for workers. The Institute of Social History is reviving a publication on East-West issues that affect trade unions and is developing supplementary education and publication programs. The FTUI has supported the Sino-Soviet Institute's research on internal developments within these countries and their allies. Also in France, FTUI has assisted

Que Me, a publication of the Association of Vietnamese Overseas which reports violations of human and trade union rights in Vietnam.

Soviet Labour Review, a London-based publication assisted by FTUI, is a bi-monthly which studies and analyzes Soviet labor practices. FTUI funds are also used by this publication to contract for research and consulting services.

FTUI also funded a delegation of Italian textile worker leaders to an international trade union congress at which they strongly expressed their pro-democratic views.

Portugal's UGT organized a conference in Lisbon on democracy in Central America that was attended by union and political leaders from Europe, Latin America and the United States. The conference provided an unusual forum for consideration of international labor attitudes toward the situation in Central America.

FTUI funds were contributed to the Brussels-based office of Solidarity which supports the union's activities within Poland. Funds have also been used to disseminate Solidarity materials to the world trade union movement and to other defenders of the Solidarity cause. A Solidarity support committee in the West has published a report by the Helsinki Committee in Poland, a special report on Poland by the United Nations Human Rights Commission and a comprehensive list of political prisoners in Poland.

4. Africa

a. Institution-building: The overwhelming majority of funds for African projects have been in the area of institution-building. Trade unions in Africa are in an early stage of development and, in many cases, lack the organizational skills and resources necessary to promote democratic worker participation in union and national affairs. The Free Trade Union Institute's efforts concentrate on helping weak unions build membership and services and on assisting pro-democratic organizations in their efforts to offset hostile counterpressures.

In Niger, FTUI has provided technical assistance to the Niger Trade Union Congress to implement an innovative resettlement program to provide job opportunities for Niger's urban unemployed.

In Nigeria, one of Africa's most important countries from both an economic and political standpoint, conditions are ripe for assistance to democratic union elements. Recent union elections have seen the emergence of democratic elements willing to work with other democratic trade union organizations. However, the Nigerian labor movement has lacked the education and publications programs necessary to encourage and strengthen pro-democratic elements. FTUI has provided a grant to enable a major union to communicate with its dispersed membership. In addition, an African American Labor Center (AALC) consultant was sent to Nigeria and Guinea to confer with representatives of key trade unions on how labor federations might contribute to the formulation of economic and political policies. New opportunities for the free labor movement have also prompted a FTUI-supported effort to rebuild contacts with key labor organizations.

A grant to the United Steel Workers of America given through its International Trade Secretariat, the International Metalworkers Federation (IMF), will help establish an IMF Affiliates Council in South Africa.

In Ghana, recent elections in the Ghanian Trade Union Congress have restored the democratic leadership which was all but destroyed in the aftermath of the Rawlings coup. FTUI has provided support for the reopening of the African American Labor Center office and assistance in the planning of educational seminars. Another grant provides assistance for the reopening of a labor college that will be used to train labor leaders throughout the region.

Besides these programs with individual unions, FTUI has offered support to democratic unionists in Africa working to promote democracy in an emerging Pan-African movement. A number of democratically-oriented labor unions on the continent are watching this situation closely and becoming increasingly active in efforts to ensure the democratic character of future regional efforts.

b. Exchanges: In the last year, FTUI has significantly expanded U.S.-African labor exchanges. These exchange programs included:

- A three-week study tour of the United States by African trade union women from Mauritius, Ghana, Sierra Leone, Nigeria, Sudan, Zaire, Niger, Senegal and Kenya.
- Intensive consultations between the president of the Hotel Workers Union of the Egyptian Trade Union Federation and his American counterpart, and a similar exchange between the head of the Mauritius Government Servants Association and his U.S. counterpart.
- A U.S.-Nigerian union exchange involving consultations between the United Steelworkers and the Nigerian Steelworkers Union; and between the American Federation of Teachers and the Nigerian

Non-academic Staff Union of Education and Associated Institutes (NASU). As a result of the AFT/NASU cooperation, NASU has joined the democratic International Federation of Free Teachers Unions (IFFTU). In fact, NASU is now IFFTU's largest (600,000 members) duespaying affiliate worldwide.

- Members of the American Federation of Government Employees and the Postal, Telegraph and Telephone International have conducted seminars in Nigeria on basic trade unionism.

c. Training and Civic Education: The Free Trade Union Institute has provided a grant for the expansion of education programs with African trade unions. Specifically, training programs are being developed to assist sister unions in Nigeria. They focus on both political and economic development issues.

FTUI has also given support grants to enable African trade unionists to attend regional seminars and conferences. The meetings provide the opportunity for African union delegates to examine questions of democratic union development and to participate in specialized seminars in trade union functions and responsibilities.

d. Electoral Processes: The Free Trade Union Institute has funded a project providing electoral process education for the Liberia Federation of Labour Unions (LFLU) membership. The program is intended to heighten LFLU membership interest and participation in Liberia's upcoming elections which will signal the nation's transition to civilian rule. As part of this program, four key representatives of the LFLU have visited the United States to study American labor's involvement in the U.S. electoral process.

e. Democratic Pluralism: Developing and training new trade union leadership is essential if the contributions of trade unionism to pluralistic, democratic society are to continue in a sustained way. Therefore, FTUI has focused resources on the education and encouragement of potential leaders and, more generally, on programs promoting the values of democratic pluralism.

One specific program of this kind is a grant to the African American Labor Center to provide support for the Central Organization of Trade Unions of Kenya (COTU), which is undergoing a generational leadership change. With this grant, the new leadership of COTU (Kenya) has received in-depth training in trade union management.

B. Business

Independent associations representing the views of the business community are an essential component of a pluralistic society. But that is only one dimension of the importance of private enterprise to democracy. The experience of recent decades confirms that an open market economy is a prerequisite of an open political system. A dynamic private sector with an active small business community supplies a counterweight that limits state power and enables democracy to thrive. The private sector can remain healthy and independent only if it is genuinely free, which is to say, not beholden to a government that controls all the economic resources of society. Thus, support for an open economy is an important part of the Endowment's overall program.

Center for International Private Enterprise (CIPE)	$1,700,000

CIPE is a division of the National Chamber Foundation, a private, nonprofit corporation affiliated with the U.S. Chamber of Commerce. CIPE's overall goals are to foster the development of open market, private enterprise systems and the growth of independent business institutions as a means of encouraging the development of democratic pluralism abroad. In this past year, a start-up period, CIPE programs were designed to build the foundation for future activities. Accordingly, programs were funded that could serve as models for replication in other countries; would build a network of key resource persons for program expansion; and were likely to generate multiplier effects through private enterprise education and communication programs. CIPE projects supported with Endowment fiscal year 1984 funds are described below:

U.S. Chamber of Commerce Center for Leadership Development

This project has several components, including organizational training for business association leaders; the translation and dissemination of teaching materials on modern management practices for private, voluntary organizations; and a pilot program involving the development of Spanish-language computer software for use by small business organizations in Latin America.

The organizational training project provided funds to an Institute for Organization Management program during the summer of 1984. Twenty-six participants, from the Middle East, Asia, Central America and the Caribbean, participated in a program of intensive course work followed by meetings with various local business organizations, discussions with the Small Business Administration, and briefings on communications, public relations, political action programs and public policy development.

Management and Technical Assistance

Specific management and technical assistance projects are being developed with business organizations in the developing world. Training for leaders and potential leaders of business organizations will be designed in such areas as membership relations, policy analysis, business/government relations and communications, and public affairs programming.

Clearinghouse Research

Very little is known about the status of voluntary business associations, their needs, and their contributions to fostering democratic development and economic growth. CIPE has begun a major clearinghouse effort, including regional surveys designed to assess the status of business communities and determine the network of existing private business organizations. Clearinghouse operations include the development of a data base on business organizations; the collection and annotation of research studies on democratic development and the development of open market systems; the collection and compilation of public opinion polls and studies examining attitudes toward business; and the compilation of program descriptions and case studies of programs being carried out by other international and business organizations.

The Informal Sector in Peru - Integration and Deregulation

CIPE has funded a project for the Instituto Libertad y Democracia (ILD) to carry out research on the Peruvian informal sector -- a major portion of the Peruvian economy which, to avoid the prohibitive time and cost constraints caused by layers of bureaucracy and regulation, operates outside the legal framework. ILD and the Peruvian government have entered into an agreement whereby the ILD will develop a new legislative framework for economic activity in Peru that will afford freedom of access to a fair legal system that will not discriminate against those who have had to resort to the informal sector. This potentially ground-breaking effort should result in significant deregulation in Peru and the recognition of the informal sector as a legitimate and vital part of economic life.

International Organization Coordination

Establishing cooperative relationships with international business organizations is high on the list of CIPE's priorities. The purpose of this program is to develop further contacts with international organizations actively involved in developing country programs and, where possible, to develop joint projects. Consultations have been held with many groups, including: the Caribbean Employers Confederation; the International Organization of Employers; the International Chamber of Commerce; the International Labor Office; the

International Bureau of Chambers of Commerce; the Curacao Chamber of Commerce; the Caribbean Association of Industry and Commerce; the Konrad Adenauer Stiftung; the Friedrich Naumann Stiftung; the Friedrich Ebert Stiftung; and the Conseil National du Patronat Francais.

Club d'Afrique Colloquium on Private Initiative in Africa

In spite of growing interest in Africa about the role the private sector can play in economic development, many countries in Africa have been pursuing economic policies indicating little understanding of the private enterprise system. CIPE has funded a Club d'Afrique proposal for a pan-African conference, held in Lome, Togo, to examine constraints to entrepreneurship in African countries and to discuss ways to overcome them. Through programs such as these, CIPE is able to promote private sector involvement in matters of economic policy development. The proceedings of the conference will be published.

EMPRESA

EMPRESA (Enterprise), a program jointly developed by the U.S. Chamber, the Association of American Chambers of Commerce in Latin America and the Fund for Multinational Management Education, provides an introduction to the private enterprise system for Spanish-speaking individuals. To date, EMPRESA has been used in employee programs and in adult community education programs. This project expands this effort by supporting the introduction of the material to schools in Latin America, working through appropriate local business groups in cooperation with the American chambers in Latin America.

Wingspread Conferences

This project involves joint sponsorship of a series of conferences with the Johnson Foundation/Wingspread Conference Center to explore the opportunities and difficulties of business involvement in supporting democratic development. Participants will include representatives from Europe, Latin America, Asia, and Africa. Conference results will be published and widely distributed.

Development, Growth and the Private Sector in Latin America: A New Approach

The Fund for Multinational Management Education (FMME) will conduct a workshop in Mexico City to bring together individuals seeking ways in which the private sector can become an active participant in the political processes of policy formulation. The program will draw heavily on the research of the Instituto Libertad y Democracia in Peru and will look at the informal sector as a vehicle for policy change.

Academic and Intellectual Defense of the Role of Free Enterprise in Mexico

Several programs will be supported with this grant to the Centro de Estudios en Economia y Educacion (CEEE) of Mexico. The goals of these programs are to improve media appreciation of the market process; enhance public support for free market policies; provide support for the publication of the works of scholars and authors who defend the principles of a market economy; and update CEEE's resource library with recent literature on free market economics.

Small Chamber Outreach Program in the Dominican Republic

The Greater Newark Chamber of Commerce is "twinned" to the chambers of the Dominican Republic. Out of this ongoing relationship, a program has developed to assist the chambers of commerce outside the two major cities of the Dominican Republic to strengthen their organizational capabilities, emphasize the relationship between business associations and political development, develop chamber training programs, and establish an exchange program between the Newark chamber and the Dominican chambers.

Private Enterprise and the Spanish Education System in the Year 2000

Since the end of the Franco era, little has been done to reform the Spanish education system and the way in which private enterprise is presented in schools. The Instituto de Estudios Economicos (IEE) will carry out research to analyze the current status of the Spanish education system. Needed reforms will be outlined and used by the business community to develop a more balanced educational system in which private enterprise is seen as a positive and essential force for growth and development.

Private Enterprise and University Curriculum Development: Part I - Latin America and the Caribbean

This feasibility study will be the first step in a larger, global program of defining developing country attitudes toward private enterprise. Subsequently, curricula supporting private enterprise will be designed.

Research and Publication Dissemination

CIPE is planning to create and distribute publications supporting private enterprise and its institutions. A newsletter will be published containing information about CIPE activities and programs, reports on research findings, and information on publications relating to private enterprise development. Initial work has also begun on a quarterly journal, the first issue of which is anticipated in 1986.

C. Other Private Sector Institutions

Through a variety of grantees, the Endowment provides support to strengthen many types of private voluntary organizations abroad. For example, the Endowment funds programs that seek to reinforce the democratic character of cooperatives and to enhance their contributions to the democratization of developing countries. Civic and social groups are also eligible for Endowment assistance. These institutions can play an important role not only in developing organizational skills and democratic attitudes among their members, but also in bolstering the civic consciousness of the wider society to which they belong. Among the types of organizations the Endowment is interested in assisting are those dedicated to encouraging political participation among women, youth and ethnic minorities and promoting human rights and religious freedom. The following projects in this program category were funded in FY84:

Cooperatives in Chile U.S. Overseas Cooperative Development Committee	$90,000

This grant is supports the establishment of exchanges and "sister coop" relationships between U.S. cooperatives and their counterparts in Chile. The Chilean cooperative movement, an important democratic force, suffered under the Salvador Allende regime and has been severely weakened under the military rule of Augusto Pinochet.

This project will allow U.S. and Chilean cooperative leaders to examine the democratic functioning of each other's cooperatives. Training materials will be developed, and several permanent cooperative-to-cooperative relationships for democratic institution building will be created. In addition, an attempt will be made to assess whether the non-partisan, issue-oriented approach of U.S. cooperatives can be adapted and utilized more widely abroad.

Francophone Africa Democracy in Action Training Program Overseas Education Fund	$187,500

This project will build systems for democratic action in Francophone West Africa through training in organizational skills and enterprise identification and development, and through networking among women leaders of democratic organizations in the region. By the end of the first year of this project, 450 women from Senegal, Mali and Niger will have been trained in strengthening local democratic organizations, leadership development, business skills, lobbying governments for necessary services, advocating changes in law and marketing of goods and services. There are plans to expand the program to include additional countries in West Africa.

The Overseas Education Fund (OEF) will administer the grant. Founded by the League of Women Voters in 1947 and incorporated in 1961 as an independent organization, the OEF has had thirty-seven years of experience in assisting and strengthening womens' organizations throughout the Third World.

Conciencia Overseas Education Fund	$135,000

Conciencia is a private, nonpartisan Argentine women's organization established to promote knowledge of the Argentine constitution, defend the democratic way of life and support community participation by Argentine citizens. It was founded in 1982 by a group of women executives, lawyers, journalists, students and housewives who felt the need for an organization, similar to our League of Women Voters, to help prepare the Argentine public for the return to democratic rule.

Conciencia offers courses designed to provide basic civics instruction to the public. Those who conduct the courses, all volunteers, are scrupulously objective and refrain from promoting their own personal views. Participants learn the techniques of parliamentary debate and how to arrive at a common point of view. Conciencia also sponsors public discussions on issues of national concern. Chapters have been formed in several provinces, and an annual meeting is held for representatives of all the chapters. Supported by an Endowment grant, the Overseas Education Fund is providing assistance to Conciencia to open new chapters, train new volunteers, produce audiovisual aids, expand the program to schools, universities and the media, and hold public discussions with candidates for the 1985 national elections.

Chile - Washington State Partnership Partners of the Americas	$120,000

Partners of the Americas, established in 1964 as the people-to-people component of the Alliance for Progress, operates fifty-four bilateral partnerships linking forty-three U.S. States with twenty-seven Latin American and Caribbean countries. The Partnership concept is based on the belief that people can make a difference by organizing through their local community. Linkages between a Latin American country and U.S. state involve exchanges between a wide variety of local institutions such as universities, service agencies and 4-H clubs. All Partners programs include technical assistance and training.

An Endowment grant is enabling Partners to establish a partnership linking Chile and the state of Washington. It is hoped that such contact at the non-governmental level with U.S. groups will reinforce the commitment of the Chilean people to democratic values and encourage the return to democracy.

II. DEMOCRATIC GOVERNANCE AND POLITICAL PROCESSES

Democracy requires a system of representative government in which leaders are chosen in freely contested, fair and periodic elections, and the rights of individuals and groups are assured through the just and equitable rule of law. The Endowment will seek to strengthen that system in countries where democracy is newly established, fragile or under challenge from anti-democratic forces of the left or right. The Endowment will also seek to facilitate and encourage a transition to democracy where there are opportunities for such a positive evolution. And even in non-democratic countries, it may be possible for the Endowment to work with certain official institutions (e.g., an independent judiciary) whose strengthening may facilitate the eventual emergence of democratic rule.

The most important non-governmental participants in the democratic political process are political parties. Experience has shown that democracy can flourish only in an environment of representative, well-organized and stable parties committed to democracy and willing to abide by the results of free elections. Thus, cooperation with democratic political parties abroad -- reinforcing their dedication to democratic principles and their ability to participate in the democratic process -- is a high priority for the Endowment.

The most natural U.S. private sector groups for the Endowment to support in pursuing this goal are our own Democratic and Republican parties. Indeed, the Endowment's six basic purposes, as stated in both its own Articles of Incorporation and the National Endowment for Democracy Act, repeatedly cite the two major American political parties as groups whose cooperation with democratic groups abroad is essential and should be promoted by the Endowment. The Chairmen of both the Republican and Democratic parties (who are also members of the NED Board) were actively involved in the initiatives that led to the establishment of the Endowment, and each party created a separate non-profit institute to participate in the effort to encourage democracy around the world. In fiscal year 1984 these two organizations, the National Democratic Institute for International Affairs (NDIIA) and the National Republican Institute for International Affairs (NRIIA), received most of the grant funds that the Endowment provided in the program category of Democratic Governance and Political Processes. Their activities are described below.

National Democratic Institute for International Affairs $1,500,000

During its first year of operations, the NDIIA not only accomplished a whole series of essential start-up administrative and organizational tasks but developed an initial set of programs designed to strengthen democratic institutions abroad:

Washington Consultation

Thirty-five representatives of a wide variety of foreign parties spent the week of the 1984 Presidential election in the U.S., first observing the election as guests of the mayors of New York, Atlanta and Miami, and then attending a three-day meeting in Washington. This gathering, sponsored by NDIIA, represents the first time that party leaders from all regions of the world have been convened in Washington to discuss pluralism and the challenges to democratic institutions. In addition to introducing NDIIA and the Endowment to the foreign party leaders, the consultation provided NDIIA with clearer insight into the concerns and priorities of democratic parties abroad before proceeding to fund specific proposals.

Joint Meeting with Venezuelan Political Institutes

NDIIA and NRIIA have agreed to co-host a meeting in Caracas with the political foundations of the two leading Venezuelan parties, which are well respected for the assistance they have given toward strengthening democratic institutions in South America, Central America and the Caribbean. The meeting, scheduled for January 1985, will focus on the possibility of creating a School for Democracy to serve as a regional training institute in the techniques of democratic politics. The agenda will include questions of funding and curriculum, as well as other practical considerations involved in the establishment of such an institution.

Western Hemisphere Leadership Conference

This conference is a direct outgrowth of regular NDIIA consultations with Latin American and Caribbean political leaders, who feel that communication among hemispheric democracies is the key to the spread of democratic pluralism in the region. The primary goal of the meeting, to be convened in March of 1985, is to establish a network of democratic political leaders from Latin America and the Caribbean. This core group will have as its major task the development of projects to support and encourage democratic institutions and practices.

Model Workshops in Democratic Development

Two workshops, each with fifty participants drawn from around the globe, will be held in Washington in March and April of 1985. American experts in party organization, voter education, registration and election operations will address the concerns and problems of democratic party representatives abroad. Wherever possible, the discussions will emphasize approaches that have proven successful in Third World countries, rather than simply reflecting the American experience. Multilingual handbooks on citizen participation will be developed in advance of the meetings by U.S. experts in political technology and international democratic development. A third workshop, specifically tailored to the needs of the Caribbean mini-states, will be held in San Juan, Puerto Rico, in August 1985.

African Regional Initiative

Approximately thirty-five democratic party leaders from sub-Saharan Africa, as well as some American and European observers, will be invited to Dakar, Senegal, in July 1985 for a three-day conference on the future of democracy and pluralism in Africa. It is expected that this conference will establish the groundwork and identify appropriate partners for future NDIIA programs in Africa.

Legislative Fellowship Program

Concerned that misunderstanding of different democratic systems can be an obstacle to international cooperation among democratic forces, NDIIA is establishing a program designed to give foreign democrats a better understanding of the legislative branch in the U.S. and its relationship to the executive branch. Five persons, chosen from nominees solicited from one hundred African, Asian, and Latin American political party leaders, will be brought to Washington for one year to serve as legislative assistants to members or committees of Congress. The foreign legislative assistants will work closely with their American counterparts in the day-to-day business of public policy, stimulating a valuable exchange of ideas and perspectives.

Academic Fellowships

To encourage sustained thought and research on democracy by Third World students, NDIIA is planning to launch two academic programs. The Foreign Exchange Fellowship Program will provide small financial grants to doctoral candidates from abroad to pursue studies in the U.S. on the legal and political foundations of pluralism. The Graduate Fellowship Program will assist doctoral candidates and post-doctoral researchers undertaking advanced studies of international relations, political development and related fields either in the U.S. or elsewhere. A panel of outstanding men and women, including politicians, academicians, and diplomats, will select program participants.

National Republican Institute for International Affairs $1,500,000

Formed early in 1984, NRIIA quickly began the research and organizing work necessary for the development of its first programs. NRIIA decided to focus its initial program efforts primarily on Latin America and the Caribbean, believing that nowhere in the developing world are the challenges to democracy more sharply defined or the opportunities to assist in its development more clearly evident than in our own Hemisphere. Moreover, it was felt that the experience gained in Latin America will prepare NRIIA for work in other areas of the world where political institutions are less mature and vary in more significant ways from the U.S. model. NRIIA is implementing the following programs with fiscal year 1984 Endowment funds:

Democrat Union of the Americas (DUA)

This project seeks to create a regional political organization for conservative and moderate political parties in this hemisphere. These parties have traditionally suffered from a sense of isolation, and in local political battles they have regularly faced well-financed leftist and totalitarian forces with access to a variety of foreign resources. For the first time the DUA will provide a structure through which such parties can exchange ideas and political information. Eventually it hopes to develop training, education and assistance programs to strengthen hemispheric democracy. NRIIA will provide funding for a series of meetings to identify potential members and carry out a coherent international planning process. The ceremonial inauguration of the DUA with the leadership of member parties is slated for March 1985 in an appropriate Latin American capital.

Colombia

The Conservative Party of Colombia is one of the oldest established democratic institutions in the Western Hemisphere. NRIIA will provide a broad range of assistance to this like-minded democratic party. It will help the party's Nueva Colombia Institute to develop a research capability, enabling it to analyze voter trends and preferences as well as policy issues of national interest. The project will also enhance the curriculum on democracy at the Siron Bolivar University.

Democratic Development in Grenada

NRIIA is seeking to strengthen democracy in Grenada by providing political education and training seminars and material assistance to groups representing the democratic center in that country. Centrist democratic elements will be aided in their efforts to publicize information on democratic processes and ideas through a series of town hall meetings and other forums.

Bolivia

Bolivia, which returned to constitutional democratic rule under the left-leaning government of Dr. Siles Suazo, continues to struggle with economic stagnation and social unrest. NRIIA assistance will be aimed at supporting democratic centrist groups in such activities as seminars, publications, workshops and voter education and mobilization efforts. The Foundation for Economic Growth of the ADN party, along with non-partisan civic, business and religious organizations, will be the recipients of this assistance.

Guatemala

The transition from military to civilian rule in Guatemala is scheduled to culminate in Presidential elections in March of 1985. However, voter apathy and a lack of understanding of democratic procedures are evident in urban and rural areas, especially among the Indian population. NRIIA will fund a national opinion poll of potential voters conducted by an internationally recognized polling organization based in Central America. The results of this survey will be used to design voter education and mobilization campaigns in preparation for the March 1985 return to civilian government.

International Conference of Latin American Public Policy Institutions

In the belief that non-governmental public policy institutions can usefully contribute to the democratic decision-making process, NRIIA is funding a meeting to explore the possibilities of regional cooperation among such organizations. The conference will be organized by the Center for International Relations, which has identified as potential invitees thirty-eight public policy institutions (in sixteen Latin American countries) whose activities indicate a commitment to democratic values.

Totalitarian Systems and Democracy

NRIIA is hosting a conference for scholars, political activists, democratic development theorists and emigre representatives to discuss possible means by which democratic organizations may promote democratic alternatives to totalitarian rule. The results and conclusions of the conference will be published as a basis for further research into democratic development programs in totalitarian societies.

Portugal

In response to a request from the Portuguese Center Democrat Social Party (CDS), NRIIA is providing assistance for party-affiliated research and public policy institutions. Among the activities supported by NRIIA will be educational outreach programs, the creation of a computerized data bank for political and economic forecasting, and research into private enterprise solutions for economic problems in those regions of Portugal that are Communist-dominated and suffering economic distress.

Democracy and Economic Development

NRIIA will host an international colloquium of leading academic, business, and government experts to examine in detail the relationships between political environments and economic growth. To be held in Asia, the world's most economically dynamic region, the conference will seek to identify common political elements in successful developing economies. Conference results will be published and distributed as a contribution to the debate over the political agenda for economic growth.

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The Endowment also seeks to strengthen democratic governance and political processes through other kinds of programs, including support for nonpartisan public policy institutes, efforts to enhance judicial independence and the rule of law, technical assistance in the design and administration of electoral systems, and programs aimed at encouraging the commitment to democracy of key public sector groups. Two initial grants in this area were made in 1984:

Centro de Estudios Politicos (CEDEP), Guatemala Caribbean Central American Action	$127,500

The Center for Political Studies (CEDEP) was established by Guatemalan professionals and businessmen deeply committed to a democratic transition in their country and anxious to provide a non-partisan political forum where politicians and emerging political groups could find a neutral ground to discuss public issues. Founded in Guatemala City in 1983, it has carried out a series of meetings on constitutional, legal, economic and foreign policy issues, and has published a modest quarterly journal. CEDEP's initial programs have gained it a reputation for seriousness, impartiality and dedication to democratic principles.

An Endowment grant administered by Caribbean Central American Action, a Washington-based non-profit organization, will enable CEDEP to expand its activities in three major areas: (1) training courses in the contemporary history and politics of Guatemala; (2) research on means of promoting democracy and solving social and economic problems in Guatemala; (3) additional forums for discussion between political and private-sector leaders.

With continued success, CEDEP may be able to play a significant role in leading Guatemala, the largest and one of the most important states in Central America, toward a more democratic future. Organizations like CEDEP, which are nonpartisan but committed to pluralism and democracy, offer a promising vehicle for fostering free discussion and civility in societies that have been torn by violence, oppression and bitter partisan divisions. The Endowment hopes that CEDEP will provide a model that may be replicated in other countries.

International Human Rights Internships and Exchanges Columbia University Law School	$100,000

Columbia University Law School has launched a program that will bring foreign scholars and students to Columbia to study human rights law, and in exchange will send Columbia law students abroad as summer interns to work in law offices specializing in human rights cases. Directing the program will be Professor Jack Greenberg, who served for over 20 years as Director-Counsel of the NAACP Legal Defense and Educational Fund before joining the Columbia faculty.

During the spring semester of 1985, the American students selected for the program will take special courses in preparation for their summer internships. They will be placed in law offices in such countries as South Africa, Zimbabwe, the Philippines and Argentina where Columbia Law School faculty and alumni have contacts with attorneys practicing human rights law. During the fall semester of 1985, foreign students drawn from a wide geographical range of countries will take courses and do research in various aspects of American law pertaining to human rights. It is expected that these exchanges will help to establish an international network of relationships among lawyers dedicated to the defense of human rights and democracy.

III. EDUCATION, CULTURE AND COMMUNICATIONS

Another essential aspect of the Endowment's work is in the field of education, culture and communications. Democratic political institutions will not long endure unless they are reinforced by a free press and supported by a populace that is committed to such ideals as the rule of law, individual liberty, freedom of religion, free and open debate, majority rule and protection of the rights of minorities. Moreover, the general prospects for the advance of democracy in the world will depend in large part on the cogency and vigor with which its advocates can defend the case for free societies against their adversaries.

Efforts in the realm of culture and opinion assume special importance in closed societies, where other levers for promoting progress toward democracy are generally not available. The first and most essential step toward the opening of closed societies is the encouragement and sustenance of a degree of independent public opinion. Toward this end it is necessary to promote a freer flow of information to and from the people of such countries. This can be done both by making available outside sources of information and ideas and by assisting in the publication and dissemination of independent scholarly or artistic works produced within.

It is also important that worthy achievements of the unofficial (or "second") culture of closed societies be widely recognized in open societies, for the sustainability of an independent public opinion depends in large measure on the resonance and support it receives in free countries. Recognition abroad also tends to provide "underground" scholars and artists, as well as human rights activists and political dissidents, with some protection against government repression. It is vital that the struggle of these brave people for intellectual liberty and human rights not be ignored, and that they know they have the support of democrats throughout the world.

In future years, the Endowment expects to support programs aimed at encouraging democratically-oriented journalistic enterprises in the Third World. It also looks forward to an expansion of its modest initial efforts to promote civic education and democratic cultural activities in developing countries. Its 1984 programs in this area, along with those directed at contributing to an opening of closed societies, are described below:

Training in Democracy	$41,500
YMCA of the USA - International Division	

A Training in Democracy Program for the youth of Panama will be conducted by the YMCA of the USA in collaboration with the YMCA of the Republic of Panama. Designed for teenage youth, the program will provide training in political leadership and the democratic process through practical experience in the determination of public policy.

Adapted from the successful YMCA Youth in Government Program held in the United States each year, the program will be conducted by YMCA clubs in Panama. Local clubs will draft legislation. District conferences will debate the bills, lobby for their passage, conduct mock court trials and report on these activities in a youth newspaper. A national conference in the capital city will conclude the program. Through these activities Panamanian youth will experience practical training in government -- executive, legislative and judicial -- as well as news reporting, and will gain a greater understanding of the democratic process.

Education in Afghanistan $50,000
Afghanistan Relief Committee

Funds to reopen and maintain schools in Afghanistan in areas controlled by the Afghan resistance have been given to the Afghanistan Relief Committee, a private U.S. group established in 1980 to assist Afghan victims of the Soviet invasion. Most of the schools in Afghan rural areas have been destroyed or abandoned and many teachers have fled. As a consequence, a generation of Afghan youth is being deprived of elementary and secondary education.

The project will be monitored within Afghanistan by Medecins sans Frontieres, a French organization which provides medical care to Afghans in areas of the country not controlled by Soviet or government forces. Endowment funds will pay teacher salaries, refurbish buildings and purchase textbooks and supplies. At a time when the Soviet Union is seeking to indoctrinate the younger Afghan generation -- and sending thousands of them to the Soviet Union for study -- providing basic education within Afghanistan makes an essential contribution to the cause of democracy and independence in Afghanistan.

Human Rights in Cuba $60,000
Cuban American National Foundation

The encouragement of pluralism and respect for human rights in Cuba is the objective of this grant to the Cuban American National Foundation, a U.S. organization. Endowment funds will be used to establish citizen committees in European countries to gather and disseminate information about the human rights situation in Cuba. Together with the committees already established in Sweden and Spain, they will constitute the European Coalition for Human Rights in Cuba.

Armando Valladares is the prime mover of the Coalition. A highly respected Cuban writer who was imprisoned by Castro for twenty-two years and released in 1982, Valladares has been instrumental in helping to educate European public opinion about the human rights situation in Cuba. Such awareness provides significant protection to democrats within Cuba, as was demonstrated in 1983 when European pressure forced the Cuban government to commute the death sentences of five workers charged with attempting to organize an independent trade union.

Strengthening Ties Among Democratic Intellectuals $200,000
Freedom House

A network of democratic opinion-makers in both the developing and the developed worlds will be established by Freedom House, an organization founded in New York City forty-three years ago to strengthen free institutions around the world. Such a network will seek to end the isolation of democratic-minded intellectuals and journalists in the Third World who wish to participate in democratic discourse with colleagues in North America and Western Europe.

Democratic opinion leaders will be identified to serve as resource and contact persons for ideas and materials produced in their countries or regions and to share them with others in the network. The result will be an international network of committed democrats from all parts of the world who write, teach, report and engage in other activities which can influence public opinion in their countries in support of the democratic idea. The exchange of information will also enhance the ability of Freedom House to prepare its annual report on the state of freedom in the world by drawing on the experience and views of a large body of Third World intellectuals who are sensitive to local and regional issues and traditions.

The Chinese Intellectual $200,000

A new Chinese-language quarterly published in the United States by a group of writers and scholars from the People's Republic of China (PRC), The Chinese Intellectual provides a forum for the free discussion of issues related to democratic values and the future of China. Its immediate objective is to foster an atmosphere of intellectual pluralism and tolerance in a key future leadership group -- the 10,000 PRC students and scholars now studying in North America and the 5,000 in Western Europe and Japan. Its chief editor is Liang Heng, author of Son of the Revolution, a widely acclaimed book which recounts his experiences as a youth in China during the cultural revolution of the late 1960s.

Poland: Support for Independent Cultural and Social Activities
Polish Institute of Arts and Sciences of America $90,000

The Endowment is providing financial assistance for independent cultural and educational activities in Poland through a grant to the New York-based Polish Institute of Arts and Sciences of America, a non-profit, non-political educational, academic and cultural organization. Part of the grant is also being used to provide urgently needed medicine, food and clothing for the families of Polish political prisoners, including those who have been amnestied after lengthy imprisonment but are currently denied employment.

Committee in Support of Solidarity	$91,825

The New York-based Committee has received a grant to support independent education, publishing and human rights groups in Poland and other East European countries, and to distribute publications by indigenous authors. In addition, the Committee will publish, in four East European languages (Czech, Hungarian, Russian and Ukrainian), a volume of documents and articles on the Solidarity movement in Poland. This volume will also contain basic human rights documents, including the ILO Convention on Freedom of Association.

International Freedom to Publish Committee, Association of American Publishers	$6,000

The Committee, which champions the rights of silenced writers throughout the world, has received a grant to assist a Polish-language literary quarterly, Zeszyty Literackie (Literary Notebooks), published by Polish emigres in Paris, and reprinted and distributed in Poland. The journal makes possible a dialogue between writers within Poland and those in other East European countries, as well as writers in the West. The grant helped cover the editorial and publication costs of issue No. 8, Fall 1984.

Sakharov Hearings on Human Rights U.S. Committee for the Fifth International Sakharov Hearings	$45,000

The Sakharov Hearings, named after the renowned Soviet scientist, Nobel laureate and human rights advocate Andrei Sakharov, are public hearings held before a jury of prominent public figures who examine the testimony of witnesses. The Fifth Hearings, to be held in London in 1985, will examine Soviet human rights policies during the decade since the passage of the Helsinki accords. The Hearings will focus world attention on these issues, a goal which Dr. Sakharov has deemed essential to the survival of the human rights movement in his country.

Encouraging Pluralism in the Soviet Union: A Feasibility Study Andrei Sakharov Institute	$50,000

The Endowment has given a grant to the Andrei Sakharov Institute of Washington, D.C. to study the question of how to encourage greater openness and pluralism in closed societies, with particular reference to the Soviet Union. Among other things, the study will examine the role of Soviet emigres in the West -- now numbering in the hundreds of thousands -- who are a fresh source of information about the Soviet Union as well as a link to the human rights movement there. The Study will make recommendations that should help the Endowment identify appropriate programs to further the cause of human rights in the Soviet Union in a manner consistent with the ideals of Andrei Sakharov.

Moscow International Book Fair	$50,000

International Freedom to Publish Committee, Association of American Publishers

This grant will assist U.S. publishers in mounting an exhibit at the 1985 International Book Fair in Moscow of some three hundred recent books by Americans about the United States. Called "America Through American Eyes," the exhibit will describe life and thought in the United States, its diversity and freedom, and will be a testimony to the free speech and free press that exist in our democracy. An annotated catalogue describing the books, written in both the Russian and English languages, will be distributed to visitors at the Fair. A similar exhibit was mounted by U.S. publishers at the 1979 Moscow Fair and enjoyed huge success with the Soviet public.

IV. RESEARCH AND SCHOLARLY COOPERATION

Although most of its grants support action-oriented programs, the Endowment recognizes that well-conceived and clearly targeted research can usefully contribute to the effort to promote democracy. Accordingly, it allocates a small portion of its resources to funding research. The Endowment makes occasional grants for studies that will both aid it in carrying out its mission and be of considerable interest to a wider audience. These may include: (1) general or comparative studies on the preconditions and prospects of democracy; (2) studies focused on the problems of democracy in particular regions or countries in which the Endowment has a special interest; and (3) studies that evaluate the effectiveness of previous and existing efforts to promote democracy. In addition, Endowment-supported projects in other program categories often include a research component.

The Endowment staff is developing close ties with the academic and policy research communities. Besides making a small number of research grants, the Endowment also from time to time calls upon research consultants or informally brings together small groups of experts to aid the staff in program planning. It also seeks the assistance of scholars in reviewing grant proposals.

Indeed, the Endowment hopes that, despite the limited resources it can devote to research, it will be able to act as a catalyst to encourage greater academic attention to the issue of democracy and its role in the contemporary world. The Endowment staff will attempt to keep itself informed about all significant research that is being done in this field and to maintain contact with other organizations, in both the public and private sectors in the U.S. and abroad, that fund research. In this way it hopes to be in a position to suggest possible alternative sources of support to those researchers whose projects it cannot itself fund. In short, the Endowment hopes eventually to become a clearinghouse for research on democracy.

Democracy in Developing Nations: Persistence, Failure and Renewal

The Hoover Institution, Stanford University	$100,625

The experience of developing countries with democratic government is the subject of the first Endowment-funded research project, directed by Professors Seymour Martin Lipset of Stanford University and Larry Diamond of Vanderbilt University. Through case studies of some twenty countries in Africa, Asia, Latin America and the Middle East, the project will seek to identify the political, social, economic and historical/cultural factors that explain the varying degrees of success with democracy in the Third World. Each essay will be written by a prominent scholar with expert knowledge of the country in question and its experience with democracy.

The two-year study, the first comparative effort to focus on the record of democracy in the Third World in a comprehensive manner, will develop specific proposals for policies and actions to encourage and support the development of democratic institutions. The results will be published in a series of volumes intended for wide readership around the world.

V. INTERNATIONAL COOPERATION

An important priority for the Endowment is to encourage regional and international cooperation in the building and strengthening of democracy. Thus, the Endowment provides grants for programs aimed at promoting greater cohesion among democratic forces. The Endowment also seeks to coordinate its own activities with parallel efforts organized by other groups with similar objectives, such as the West German political foundations. Efforts will also be made to enlist the cooperation of private sector groups in countries that have a special relationship with a particular region (e.g., Japan or Australia in Asia, France in Francophone Africa, etc.). Through such efforts, the Endowment hopes to foster a sense of common identity and purpose among democratic groups and democratic societies generally.

Developing Solidarity Among Democracies	$75,000

Committees for a Community of Democracies

The principal objective of the Committees for a Community of Democracies (CCD), which currently has chapters in four U.S. cities and in the United Kingdom, Belgium, Portugal and Australia, is to build a new association of democratic countries as a basis for strengthening democracy worldwide. Motivated in part by a desire to promote democracy as a principle of international organization, as well as by disillusionment with existing international organizations that combine democratic and totalitarian states, the CCD will seek to unite First and Third World democracies -- some fifty in all -- in a new multilateral structure. The CCD believes that such an organizational embodiment of democratic solidarity will facilitate support for Third World democracies and encourage other countries to follow a democratic path.

An Endowment grant is providing support for an international preparatory meeting in early 1985 to plan a nongovernmental conference of representatives of practicing democracies. The preparatory meeting will develop the agenda, potential attendees and funding arrangements for the conference.

National Endowment for Democracy

Staff and Consultants

Carl Gershman, President
Louise A. Siffin, Special Assistant to the President
Diane M. Bettge, Secretary to the President

Marc F. Plattner, Director of Program Development
Yale Richmond, Senior Program Officer
Kevin R. Callwood, Program Officer, Africa
Luis Aguilar, Consultant, Latin America
Deborah I. Tyczenski, Program Secretary

Jeffery A. Hunter, Comptroller
Kae Guthrie, Assistant to the Comptroller

Alexandra Glowacki, Director of Public Affairs

Corporation Counsel

Ross, Dixon and Masback

Deloitte Haskins+Sells

1101 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 862-3500
TWX 710-822-9289

AUDITORS' OPINION

National Endowment For Democracy:

We have examined the balance sheet of National Endowment For Democracy as of September 30, 1984 and the related statements of revenue and expenses, and changes in fund balance and of changes in financial position for the period November 18, 1983 (date of inception) to September 30, 1984. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of National Endowment for Democracy at September 30, 1984 and the results of its operations and the changes in its financial position for the period November 18, 1983 to September 30, 1984, in conformity with generally accepted accounting principles.

Deloitte Haskins & Sells

November 13, 1984

NATIONAL ENDOWMENT FOR DEMOCRACY

BALANCE SHEET
SEPTEMBER 30, 1984

	NOTES	
ASSETS		
Cash		$ 18,750
Grants receivable	1	11,596,732
Prepaid and other assets		29,274
TOTAL		$11,644,756
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable and accrued liabilities		42,717
Grants payable	1	11,572,765
Total		11,615,482
FUND BALANCE		29,274
TOTAL		$11,644,756

See notes to financial statements.

NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENT OF REVENUES, AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE PERIOD NOVEMBER 18, 1983
(DATE OF INCEPTION) TO SEPTEMBER 30, 1984

	NOTES	
REVENUES		
Grant revenue	1	$17,999,811
EXPENSES		
Program grants	1	17,519,949
Salaries, wages and benefits		66,465
Consultants		133,384
Travel and transportation		15,508
Supplies and equipment		31,224
Occupancy		37,560
Telephone and telex		11,201
Postage and delivery		7,011
Printing and copying		8,761
Conference and meetings		9,096
Insurance		2,191
Dues, subscriptions and publications		3,177
Professional fees		124,757
Other		253
Total expenses		17,970,537
EXCESS OF REVENUES OVER EXPENSES AND FUND BALANCE, END OF PERIOD		$ 29,274

See notes to financial statements.

NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE PERIOD NOVEMBER 18, 1983 (DATE OF INCEPTION) TO SEPTEMBER 30, 1984

	NOTES	
SOURCES OF CASH:		
Excess of revenues over expenses		$ 29,274
Increase in grants payable	1	11,572,765
Increase in accounts payable		42,717
TOTAL		11,644,756
USE OF CASH:		
Increase in grants receivable	1	11,596,732
Increase in prepaid and other assets		29,274
TOTAL		11,626,006
INCREASE IN CASH AND CASH BALANCE, END OF PERIOD		$ 18,750

See notes to financial statements.

NATIONAL ENDOWMENT FOR DEMOCRACY

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD NOVEMBER 18, 1983
(DATE OF INCEPTION) TO SEPTEMBER 30, 1984

1. ORGANIZATION

The National Endowment for Democracy (the Endowment) is a private not-for-profit corporation headquartered in Washington, D.C. The Endowment was established coincident with a grant awarded by the United States Information Agency (the Agency) as mandated by the National Endowment for Democracy Act (the Act) of the United States Congress. The purpose of the Endowment is to encourage free and democratic institutions throughout the world through activities which promote individual rights and freedoms. The Endowment awards grants to organizations with programs consistent with its objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting - The accounts of the Endowment are maintained and the financial statements have been prepared in accordance with the principles of fund accounting.

Revenue Recognition - Revenues from the Agency grant are recognized as earned when grants have been awarded by the Endowment, or when obligations have been incurred for the Endowment's administrative purposes.

Grant Receivable/Payable - At the time that a grant is awarded, a payable is established to the grantee, and a corresponding receivable from the Agency is created. As payments are made to the grantee, the Endowment draws on its line of credit and both accounts are decreased accordingly.

3. UNITED STATES INFORMATION AGENCY GRANT

A grant was awarded to the Endowment from the Agency for an amount not to exceed $18,000,000 for the period December 1, 1983 through September 30, 1984. An additional grant of $18,500,000 has been awarded by the Agency for the fiscal year ending September 30, 1985.

4. RELATED PARTY

The Endowment awards grants to various organizations to be used for programs which the Board of Directors determines are consistent with the purposes of the Act. Some of the organizations which submit proposals and are awarded funds have members of their Board of Directors represented on the Board of Directors of the Endowment.

INTENTIONAL
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Article VI, Section V of the Endowment's bylaws provides that any board member who is an officer or director of an organization seeking to receive grants from the Endowment must abstain from consideration of and any vote on such grant. This provision shall not prevent any director from supplying to the Board any factual information it may seek respecting such grant proposal.

5. INCOME TAXES

The Endowment intends to apply for exemption from federal income taxes as a publicly supported not-for-profit organization during the fiscal year ending September 30, 1985.

6. CONTINGENT LIABILITIES

A member of Congress has suggested to the General Accounting Office (GAO) and the Agency that the Board of the Endowment improperly allocated fiscal year 1984 funds to The Free Trade Union Institute and National Chamber Foundation. Both the Agency and the Endowment disagree with the Congressman on this matter and are contesting this assertion before GAO. If the position of the Agency and the Endowment is deemed to be incorrect, the Endowment could be asked to allocate $3.6 million to these two entities. Since compliance with any such order would involve fiscal year 1984 funds, the Endowment, which has expended those monies in accordance with what it believes to be Congressional direction, would likely have to request assistance of Congress in executing any such order. Counsel for the Endowment is of the opinion that the conduct of the Endowment has been in accordance with Congressional direction and should be upheld, and has filed a formal legal opinion with GAO.

THE

NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENT OF

GENERAL PROCEDURES AND GUIDELINES

August 3, 1984

1156 Fifteenth Street, N.W.
Suite 304
Washington, D.C. 20005

Abbreviations

AID	Agency for International Development
APF	American Political Foundation
CIPE	Center for International Private Enterprise
FTUI	Free Trade Union Institute
GAO	General Accounting Office
NDIIA	National Democratic Institute for International Affairs
NED	National Endowment for Democracy
NRIIA	National Republican Institute for International Affairs
USIA	United States Information Agency

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I INTRODUCTION

The following procedures and guidelines have been prepared in accordance with the Grant Agreement between the United States Information Agency (USIA) and the National Endowment for Democracy (NED) dated March 19, 1984 (Number 1A020955-19-G).

Article IV, Section F of this agreement provides that "the Endowment will retain in its permanent files, and will furnish to USIA within ninety (90) days, the procedures that the Endowment will follow to: (1) Publicize the availability of grants under the [National Endowment for Democracy] Act; (2) Obtain submission of grant applications by private sector groups; (3) Select grantees for award and to determine the level of funding to be provided; (4) Monitor and assure compliance with the Act by its grantees."

II PROGRAM PUBLICITY

This section outlines procedures developed by the National Endowment for Democracy to "publicize the availability of grants under the Act."

A. Registration

The National Endowment for Democracy, in response to the need to "publicize the availability" of Endowment grants, has registered with the Foundation Center. The Foundation Center, affiliated with more than 120 reference centers in the U.S. and overseas, is a national service organization established by foundations to provide a single source of information on grant programs and philanthropic giving. A file has been opened on the NED and it will be continuously updated.

The Endowment has also placed an entry in the Encyclopedia of Associations, a major reference source for information on organizations such as NED. The Encyclopedia is an annual publication of the Gale Research Company. All entries are updated each year. The 1985 edition, (published in July, 1984), contains the first Endowment entry.

B. Press

The Endowment issues periodic releases concerning its administrative and program activities. These releases are widely distributed to members of the press as well as relevant Congressional committees, government agencies, private organizations and interested individuals.

More extensive information on Endowment grants and activities is also distributed to specialized publications such as the Foundation News, a bimonthly magazine published by the Council on Foundations.

As Endowment programs become established it is expected that the NED will publish a regular newsletter for broad distribution.

C. Basic Information Package

An essential part of the Endowment's effort to publicize the availability of grants is to provide basic information on the Endowment's purposes, priorities and grant application procedures upon request. A basic information package designed to answer this need will include:

- Brief description of NED, including a statement of its purposes;

- Grant Guidelines and Selection Criteria
- Endowment Board of Directors member list
- Description of the associated institutes, their relationship to the Endowment, the program focus of each

Samples of materials currently being used are provided as Appendices A and B. (A brochure with comparable information will be produced.)

III PROGRAM DEVELOPMENT

This section describes procedures developed by the Endowment to "obtain submission of grant applications by private sector groups." Accordingly, it outlines the "program development" process through which the Endowment sets its own program direction and actively seeks consultation with private sector groups to assist them in the development of programs consistent with Endowment purposes and priorities.

A. Program Development Assistance

First, the Endowment defines broad program goals, establishing priorities and defining how limited program resources can be used to accomplish specific objectives. It receives unsolicited proposals from a variety of sources. If a proposal offers promise, the Endowment, where appropriate, will provide assistance to the proposing organization, suggesting revisions of the grant application prior to resubmission. The Endowment also identifies organizations which are most likely to be able to carry out programs consistent with program strategy and priorities that are not already addressed by unsolicited proposals. Possible programs are discussed with the identified groups. Where appropriate, these groups are encouraged to submit proposals.

B. Required Proposal Contents

The outline provided below specifies the format, content and level of detail for grant applications submitted to the National Endowment for Democracy.

Program Title

The program title should be descriptive. Grants may propose a specific project with one primary objective, or several related projects which together constitute an integrated program.

1. Introduction

The introduction should briefly describe the proposed program and should include a statement on the proposing organization, emphasizing characteristics which make it particularly well-suited to carry out the program. Biographical data on key personnel should be attached to the proposal.

2. Background

The background statement should identify the need to be addressed by the project or program and describe the larger context within which the proposed project will be carried out.

3. Program Description

(a) Program Objectives

Program objectives should be specific, e.g., easily understood and of a kind that can be meaningfully evaluated on a periodic basis.

(b) Relation to Endowment Purposes

The proposal should include a brief discussion of how the program will contribute to one or more of the Endowment's stated purposes [NED Act, Sec. 502 (b)] and should specifically relate, where possible, component activities to particular purposes.

(c) Description of Project Activities

Describe what will be done, where, when, and by whom; the audience or target group; any assisting organization; other support or contributions.

(d) Anticipated Results

Describe what results may be expected within the proposed time frame.

4. Proposed Method of Evaluation

State how the grantees will go about assessing how well the objectives have been met.

5. Budget*

See NED line-item categories, Appendix C.

More than one proposal may be submitted using the same format.

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* Note. During the latter stages of grant agreement negotiation, cash-flow projections will have to be included as part of the proposal package: In general, cash requirements should be projected on a twice-monthly basis, i.e. an average spread over the entire period of the proposal. When possible, specific highs and lows, based on large variations in activity level, should be incorporated into the desired drawdown schedule. Of course, adjustments will have to be made during the grant period to ensure that drawdown schedules are consistent with actual rates of expenditure.

IV GRANT APPLICATION REVIEW AND SELECTION

This section provides procedures developed by the Endowment to "select grantees for award and to determine the level of funding to be provided."

A. Grant Application Review Process

The review process begins with proposals submitted by applicant organizations. As these proposals are received, each will be logged in on a daily basis. At this time, basic summary data (organization, proposed activities, budget, project duration, current disposition) will be recorded. This summary data system will enable the Endowment to monitor the status of proposals received. This system will also serve as the primary information source on all proposals received by the Endowment. Summaries of all proposals received will be sent to the Board of Directors for their information.

The endowment will perform an initial sort to determine those proposals which should be referred to one of the associated institutes, and with regard to which no further action is comtemplated by the Endowment. When such a referral is made, the submitting organization will be advised of this action by letter.

The next phase is the review and selection process itself. Endowment staff will review each proposal, employing the guidelines and criteria described below (in Section IV.B.). Proposals which are determined to be qualified candidates, but which require clarification or refinement, will be returned to the potential grantee for modification. Proposals may be sent out for expert review, as considered necessary, to further establish their relative merit and to receive suggestions for modification

Proposals that pass such review will be submitted to the Program Committee, a committee of the Endowment's Board of Directors. The Program Committee, in turn, will make recommendations to the entire Endowment Board for approval or rejection of grant proposals. The full Endowment Board will then make final decisons, determining the level of funding to be provided. Review cycles will generally be conducted on a quarterly basis.

Proposals that are screened out of consideration in this selection phase will be returned to the applicant with an explanatory letter. Generally, all proposals will be either approved or returned within a three month period.

Once a proposal is approved by the Endowment Board, a grant agreement will be negotiated between the Endowment and the grantee indicating details of the grant requirements and a schedule of cash disbursements. (See Appendix D, Model Grant Agreement). All outstanding issues and detailed requirements are resolved at this time. When a grant agreement has been signed by both parties, disbursement of funds may start. At this point, the grant monitoring arrangements begin, with reports as outlined in the grant agreement. All grant awards will be reported to USIA within ten days as required.

B. Grant Guidelines and Selection Criteria

Guidelines

The following grant guidelines indicate the minimal standards required of all grant applications to be considered qualified for further evaluation in the selection process.

1. The proposed program, project or activity must be consistent with the six Endowment purposes as listed in the Endowment Articles of Incorporation and the National Endowment for Democracy Act. (See Appendix E for NED Act).

   The six purposes are:

   (a) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

   (b) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

   (c) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business and other private sector groups) in democratic training programs and democratic institution-building abroad;

   (d) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

(e) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions, and organizations of democratic pluralism; and

(f) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

2. The proposing organization must provide the following required information as part of its grant application:

   (a) Organizational background and biographical data on key staff and directors in the U.S. and abroad;

   (b) Project description, clearly defined objectives (susceptible to assessment), realistic time frame, and anticipated results;

   (c) Justification of the project in terms of the Endowment's statement of purposes (specifically, what pratical impact will achievement of the project's goals have in reference to the Endowment's stated purposes);

   (d) Description of any counterpart support, whether monetary or in-kind, domestic or foreign, anticipated by the applicant;

   (e) A detailed budget, including a breakdown and explanation of all anticipated expenses;

   (f) Methods of internal evaluation (related to project objectives) to be used by project managers;

   (g) Names and addresses of all other funding organizations to which the proposal has been submitted or will be submitted.

3. The proposing organization must be able to show that it is a responsible, credible organization or group that has a serious and demonstrable commitment to democratic values. (Various factors may be considered in this regard: recognized democratic

orientation; established professional reputation; proven ability to perform; organization has charter, board of directors, regular audits, etc.)

4. The proposing organization must be willing to comply with all provisions of the NED Act as well as all provisions of current and subsequent agreements between the U.S. Information Agency and the Endowment (Appendix F).

5. The proposing organization must agree not to use grant funds for the purpose of educating, training, or informing U.S. audiences of any U.S. political party's policy or practice, or candidate for office. (This condition does not exclude making grants or expenditures for the purpose of educating, training, or informing audiences of other countries on the institutions and values of democracy that may incidentally educate, train, or inform American participants.)

6. The proposing organization must agree that no Endowment funds will be used for lobbying or propaganda which is directed at influencing public policy decisions of the government of the United States or of any state or locality thereof.

7. The proposing organization must agree that there shall be no expenditure of Endowment funds for the purpose of supporting physical violence by individuals, groups, or governments.

8. The proposing organization may not employ any person engaged in intelligence activity on behalf of the United States government or any other government.

9. The Endowment will not normally reimburse grantees for expenses incurred prior to the signing of a grant agreement with the Endowment.

10. Each grant made by the Endowment will be an independent action implying no future commitment on the Endowment's part to a project or program.

11. The Endowment may, from time to time, fund feasibility studies. Applications for grants in this category should include, but not be limited to, the following:

    a. scope, method, and objective of the study;
    b. calendar;
    c. proposed administration of the study (see standard NED guidelines); and

d. detailed budget.

The funding of a feasibility study by the Endowment does not imply support for any project growing out of the study. It does, however, imply interest by the Endowment in the area under study and a willingness to entertain a project proposal growing out of the study.

Selection Criteria

The following selection criteria indicate factors to be considered in determining the relative merit of a particular proposal.

The grant application:

1. proposes a program that will make a concrete contribution to assisting foreign individuals or groups who are working for democratic ends and who need the Endowment's assistance.

2. proposes a program, project or activity which is consistent with current Endowment program priorities and contributes to overall program balance and effectiveness.

3. proposes an activity which meets an especially urgent need.

4. does not overlap with what others are doing well.

5. proposes a program which will encourage an intellectual climate which is favorable to the growth of democratic institutions.

6. proposes a program which is not only culturally or intellectually appealing, but which will affect the education and the awareness of communities and/or the less privileged members of a society.

7. originates from an organization within a particular country representing the group whose needs are to be addressed.

8. appears to be well thought out, avoiding imprudent activities and possibilities for negative repercussions.

9. takes into consideration not only what objectively could be significant to a certain society, but how the cultural traditions and values of that society will react to the project.

10. incorporates an analysis of the problem of democracy in the area in question and the method by which the proposed program will have a constructive impact on the problem.

11. proposes a program that will enhance our understanding of what really helps in aiding democracy.

12. creatively enlists support of foreign democratic organizations.

13. encourages democratic solutions and peaceful resolution of conflict in situations otherwise fraught with violence.

14. proposes a program, project or activity that is clearly relevant to Endowment program objectives and not better funded by other government or private organizations. (Proposing organizatons will be referred to other funding organizations where substantial overlap exists.)

15. proposes a program or strategy which is appropriate to the circumstances in the country concerned.

16. proposes (a) a program which can be expected to have a multiplier effect, hence having an impact broader than that of the specific project itself; or (b) establishes a model which could be readily replicated in other countries or institutions.

17. proposes appropriate, qualified staff who have a demonstrated ability to administer programs capably so as to accomplish stated goals and objectives.

18. proposes an appropriate ratio of administrative to program funds.

19. is responsive to Endowment suggestions with regard to program revisions.

20. proposes a realistic budget which is consistent with Endowment perceptions of project value and is performed within a stated and realistic time frame.

21. proposes a program that has, as one of its principal aspects, a major impact on the role of women and/or minorities.

V GRANT MONITORING AND EVALUATION

It is the responsibility of the Endowment to "monitor and assure compliance with the Act by its grantees." The procedures developed by the Endowment to carry out this responsibility consist of two different but related parts: grant monitoring and grant evaluation.

Basically, monitoring involves the use of appropriate mechanisms to ensure that planned activities can be implemented, that funds are properly used, and that the Endowment is informed of the progress of grant activities during the grant period. These mechanisms must also provide for the timely identification of problem areas to permit rapid resolution of these difficulties.

Grant evaluation, on the other hand, is normally conducted when a program, project or activity has been completed. The basic purpose of the evaluation is to determine whether and to what extent stated goals and objectives have been achieved and whether available resources have been properly applied toward achieving these goals and objectives.

A. Grant Monitoring Procedures

1. Program Monitoring

The Endowment will generally require quarterly progress reports on grant programs. In addition, all grantees are expected to consult regularly with Endowment staff and to inform NED of any significant problems so that remedial action can be taken expeditiously.

The outline provided below specifies the format, content and level of detail required for routine grant monitoring reports. It is included as an appendix to all grant agreements signed between the Endowment and its grantees. All reports are expected to be consistent with the format and content employed in the grantee's proposal. Initial reports will be reviewed by Endowment staff to ensure conformity with legislative and regulatory requirements.

Program/Project Title
Include a brief summary of the original proposal.

Background*
Relevant discussion of larger context.

Program Objectives
Note any changes.

---

*Necessary for grantee's Final Report only.

Relation to Endowment Purposes*
Note any changes.

Description of Actual Project Activities
Note any changes from original plan.

Actual Results/Accomplishments
In as specific and concrete terms as possible, relevant to objectives.

Results of Evaluation*
Conclusions and recommentations.

Report of Actual Expenses
See below, Section 2, Financial Monitoring.

2. Financial Monitoring

All grantees must maintain proper documentation and accounting control over funds provided by the Endowment. Accordingly, grantees will be required to comply with all relevant sections of the NED ACT (Appendix E) and the Grant Agreement signed between NED and USIA (Appendix F) with regard to recordkeeping, required audits, and other matters relevant to Congressional oversight.

The required quarterly progress reports must contain a section on the grantee's financial expenditures. The format for the financial report section should be broken down into the line item categories specified by the Endowment, indicating both total budget and expenditures to date (See Appendix C for line item categories). Sample format:

	Budget	Expenditures	(±/-)
Line Items:			
Administrative			
Program			
TOTAL			

This financial reporting format will be specified during negotiation of the grant agreement to be signed between the Endowment and each of its grantees.

B. Grant Project Evaluation Procedures and Guidelines

The evaluation process provides an opportunity for periodic reassessment of program activities and resourse allocation with reference to program objectives. Grantee organizations need to have evaluations of their own programs in order to ensure that they are meeting their objectives as well as to ensure that funds are being used wisely. Similarly, the Endowment must be in a position to evaluate its own total program as well as the program and projects of its grantees. Proper procedures will also ensure that Endowment programs can be satisfactorily evaluated by outside organizations such as the U.S. General Accounting Office (GAO).

Evaluation Guidelines

The following general guidelines for evaluation will apply for all Endowment grantees and potential grantees. These guidelines are intended for use by potential grantees in preparing the self-evaluation plans which are required as part of program proposals.

All grantees or potential grantees are expected to develop evaluation criteria and procedures, as appropriate to their own programs, goals, and organizational structure. The considerations outlined here are intended to guide the preparation of these evaluation plans. The Endowment reserves the right to recommend modifications as well as approve or disapprove evaluation plans.

Evaluation guidelines consist of six major elements: program design, documentation, specification of evaluation focus, evaluation design, evaluation implementation, use of evaluation results.

1. Program Design. Programs should be designed from the outset with the evaluation process in mind to ensure that a program or project can be meaningfully evaluated. This should help to conserve resources and generally improve the program or project. Accordingly, the purposes and goals of a proposed program must be clearly translated into specific, concrete objectives.

2. Documentation. Program managers must ensure that appropriate records are kept of program activities and results, as well as expenditures. Specific forms of documentation and methods for measuring program or project results should be outlined in the grant proposal and should be promptly implemented once a grant program has been finally approved.

3. Specification of Evaluation Focus. An evaluation may focus on a program as a whole, or on each of several program components. In either case the evaluation should measure the most important parts of the program.

   The potential grantee, as well as Endowment staff who review the evaluation designs of potential grantees, should consider special requirements, if any, of the target audience for the evaluation. In the case of Endowment grantees, this target audience will consist, in part, of the Endowment and its Board, Congress in its oversight role, the General Accounting Office, and interested government and private agencies (USIA, State Department, other nonprofit organizations).

4. Evaluation Design. The evaluation should be as rigorous and quantitative as possible, but not so as to detract from a proper consideration of the chief elements of the program, whether or not they can be easily measured, e.g. the extent to which real change is effected toward pluralism or democratic development.

5. Evaluation Implementation. Evaluation ideally should be an integral, ongoing part of a program or project, rather than a separate activity tacked on at the end.

6. Use of Evaluation Results. The final and most important guideline in program evaluation is to ensure that findings are effectively used. Project evaluation results will, of course, be submitted to the Endowment as part of a grantee's final report.

VI APPENDICES

A. Grant Guidelines and Selection Criteria for Applicants

B. NED Board of Directors

C. NED Budget and Reporting Categories

D. Model Grant Agreement

E. Title V, P.L. 98-164

F. USIA/NED Grant Agreement

NATIONAL ENDOWMENT FOR DEMOCRACY

BOARD OF DIRECTORS
John Richardson
Chairman
Frank J. Fahrenkopf, Jr.
Vice Chairman
Louis Martin
Secretary

Polly Baca
William E. Brock III
LeGree Daniels
Dante B. Fascell
Orrin G. Hatch
Lane Kirkland
Charles T. Manatt
Olin Robison
Albert Shanker
Sally Shelton
Charles H. Smith, Jr.
Jay Van Andel

Carl Gershman
President

Grant Guidelines and Selection Criteria

Guidelines

The following grant guidelines indicate the minimal standards required of all grant applications to be considered qualified for further evaluation in the selection process.

1. The proposed program, project or activity must be consistent with the six Endowment purposes as listed in the Endowment Articles of Incorporation and the National Endowment for Democracy Act.

   The six purposes are:

   (a) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

   (b) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

   (c) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private sector groups) in democratic training programs and democratic institution-building abroad;

   (d) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

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(e) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions, and organizations of democratic pluralism; and

(f) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

2. The proposing organization must provide the following required information as part of its grant application:

   (a) Organizational background and biographical data on key staff and directors in the U.S. and abroad;

   (b) Project description, clearly defined objectives (susceptible to assessment), realistic time frame, and anticipated results;

   (c) Justification of the project in terms of the Endowment's statement of purposes (specifically, what practical impact will achievement of the project's goals have in reference to the Endowment's stated purposes);

   (d) Description of any counterpart support, whether monetary or in-kind, domestic or foreign, anticipated by the applicant;

   (e) A detailed budget, including a breakdown and explanation of all anticipated expenses;

   (f) Methods of internal evaluation (related to project objectives) to be used by project managers;

   (g) Names and addresses of all other funding organizations to which the proposal has been submitted or will be submitted.

3. The proposing organization must be able to show that it is a responsible, credible organization or group that has a serious and demonstrable commitment to democratic values. (Various factors may be considered in this regard: recognized democratic orientation; established professional reputation; proven ability to perform; organization has charter, board of directors, regular audits, etc.)

4. The proposing organization must be willing to comply with all provisions of the NED Act as well as all provisions of current and subsequent agreements between the U.S. Information Agency and the Endowment.

5. The proposing organization must agree not to use grant funds for the purpose of educating, training, or informing U.S. audiences of any U.S. political party's policy or practice, or candidate for office. (This condition does not exclude making grants or expenditures for the purpose of educating, training or informing audiences of other countries on the institutions and values of democracy that may incidentally educate, train, or inform American participants.)

6. The proposing organization must agree that no Endowment funds will be used for lobbying or propaganda which is directed at influencing public policy decisions of the government of the United States or of any state or locality thereof.

7. The proposing organization must agree that there shall be no expenditure of Endowment funds for the purpose of supporting physical violence by individuals, groups or governments.

8. The proposing organization may not employ any person engaged in intelligence activity on behalf of the United States government or any other government.

9. The Endowment will not normally reimburse grantees for expenses incurred prior to the signing of a grant agreement with the Endowment.

10. Each grant made by the Endowment will be an independent action implying no future commitment on the Endowment's part to a project or program.

11. The Endowment may, from time to time, fund feasibility studies. Applications for grants in this category should include, but not be limited to, the following:

    a. scope, method and objective of the study;
    b. calendar;
    c. proposed administration of the study; and
    d. detailed budget.

    The funding of a feasibility study by the Endowment does not imply support for any project growing out of the study. It does, however, imply interest by the Endowment in the area under study and a willingness to entertain a project proposal growing out of the study.

12. The proposing organization may not use Endowment funds to finance the campaigns of candidates for public office.

Selection Criteria

The following selection criteria indicate factors to be considered in determining the relative merit of a particular proposal.

The grant application:

1. proposes a program that will make a concrete contribution to assisting foreign individuals or groups who are working for democratic ends and who need the Endowment's assistance.

2. proposes a program, project or activity which is consistent with current Endowment program priorities and contributes to overall program balance and effectiveness.

3. proposes an activity which meets an especially urgent need.

4. does not overlap with what others are doing well.

5. proposes a program which will encourage an intellectual climate which is favorable to the growth of democratic institutions.

6. proposes a program which is not only culturally or intellectually appealing, but which will affect the education and the awareness of communities and/or the less privileged members of a society.

7. originates from an organization within a particular country representing the group whose needs are to be addressed.

8. appears to be well thought out, avoiding imprudent activites and possibilities for negative repercussions.

9. takes into consideration not only what objectively could be significant to a certain society, but how the cultural traditions and values of that society will react to the project.

10. incorporates an analysis of the problem of democracy in the area in question and the method by which the proposed program will have a constructive impact on the problem.

11. proposes a program that will enhance our understanding of what really helps in aiding democracy.

12. creatively enlists support of foreign democratic organizations.

13. encourages democratic solutions and peaceful resolution of conflict in situations otherwise fraught with violence.

14. proposes a program, project or activity that is clearly relevant to Endowment program objectives and not better funded by other government or private organizations. (Proposing organizations will be referred to other funding organizations where substantial overlap exists.)

15. proposes a program or strategy which is appropriate to the circumstances in the country concerned.

16. proposes (a) a program which can be expected to have a multiplier effect, hence having an impact broader than that of the specific project itself; or (b) establishes a model which could be readily replicated in other countries or institutions.

17. proposes appropriate, qualified staff who have a demonstrated ability to administer programs capably so as to accomplish stated goals and objectives.

18. proposes an appropriate ratio of administrative to program funds.

19. is responsive to Endowment suggestions with regard to program revisions.

20. proposes a realistic budget which is consistent with Endowment perceptions of project value and is performed within a stated and realistic time frame.

21. proposes a program that has, as one of its principal aspects, a major impact on the role of women and/or minorities.

APPENDIX B.

NATIONAL ENDOWMENT FOR DEMOCRACY

BOARD OF DIRECTORS

Ms. Polly Baca
Vice Chairman, Democratic National Committee
State Senator, Colorado

Ambassador William E. Brock III
U.S. Trade Representative

Mrs. LeGree Daniels
Chairman, National Black Republican Council
Presidential Appointee, Advisory Committee for Trade Negotiations

Mr. Frank J. Fahrenkopf, Jr. (Vice Chairman)
Chairman, Republican National Committee

Congressman Dante B. Fascell
U.S. House of Representatives

Senator Orrin G. Hatch
U.S. Senate

Mr. Lane Kirkland
President, AFL-CIO

Dr. Henry A. Kissinger
Kissinger Associates

Mr. Charles T. Manatt
Manatt, Phelps, Rothenberg and Tunney
Chairman, Democratic National Committee, 1981-1985

Mr. Louis Martin (Secretary)
Assistant Vice President for Communications, Howard University
Special Assistant to President Jimmy Carter, 1978-1981

Mr. John Richardson (Chairman)
President, Youth for Understanding
Assistant Secretary of State for Educational and Cultural Affairs, 1969-1977

Dr. Olin Robison
President, Middlebury College
Chairman, U.S. Advisory Commission on Public Diplomacy, 1978-1981

Mr. Albert Shanker
President, American Federation of Teachers
Vice President, AFL-CIO

Ambassador Sally Shelton-Colby
Vice President, Bankers Trust Company
U.S. Ambassador to Barbados, Grenada and eight other
Caribbean nations, 1979-1981

Mr. Charles H. Smith, Jr.
Chairman of the Board, SIFCO Industries, Inc.
Former Vice President, U.S. Chamber of Commerce

Mr. Jay Van Andel
Chairman of the Board, Amway Corporation
Amway Council, National 4-H Foundation

APPENDIX C.

Budget and Reporting Categories:

Administrative

1. Salaries
2. Space and utilities
3. Supplies and equipment
4. Communications and postage
5. Travel and per diem
6. Consultants fees and expenses
7. Benefits, allowances and taxes
8. Contractual services (including professional fees)
9. Other direct costs
10. Support grants

Program

1. Salaries
2. Space and utilities
3. Supplies and equipment
4. Communciations and postage
5. Travel and per diem
6. Consultants fees and expenses
7. Benefits, allowances and taxes
8. Contractual services (including professional fees)
9. Other direct costs
10. Support grants

APPENDIX D

GRANT AGREEMENT
BETWEEN
THE NATIONAL ENDOWMENT FOR DEMOCRACY, INCORPORATED,
AND

MEMORANDUM OF AGREEMENT, made and entered into by and between the National Endowment for Democracy, Incorporated, a nonprofit corporation located at 1156 Fifteenth Street, N.W., Suite 304, Washington, D.C. 20005 (hereinafter referred to as the "Grantor" or the "Endowment") and the ______________ located at ____________________ (hereinafter referred to as the "Grantee").

WHEREAS, the National Endowment for Democracy Act, P.L. 98-164 (hereinafter referred to as the "Act") and U.S. Information Agency Grant No. 1A-20955-19-G provide that the Endowment [shall] grant funds to carry out the purposes of the Endowment as specified in the Act.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

ARTICLE I

PURPOSE

The Endowment hereby awards a grant of $__________ to the ______________ to enable the ______________ to carry out program objectives, which are consistent with the purposes set forth in Section 502(b) of the Act, as follows:

(1) ______________________________________

ARTICLE II

A. The period of this agreement shall be from __________ through ________________.

B. The unexpended but obligated balance of funds provided under this grant agreement shall continue to be available to the Grantee until expended for the specific purposes authorized under this agreement.

C. Funds not obligated by the Grantee during the period specified in A. above, shall continue to be available to the Grantee until expended for the purposes authorized under this agreement.

D. Use of unobligated funds for purposes other than those specified under this agreement, may be made with the approval of the Endowment.

ARTICLE III

PAYMENT, ITEMS OF EXPENDITURE, AND ACCOUNTING DATA

A. The funds awarded pursuant to this agreement shall be used to further the objectives described in Article I; shall be paid to the Grantee in accordance with the provisions of Section B. herein below; and shall be expended in accordance with the Items of Expenditure set forth in Section C. herein below.

B. The Grantor shall disburse to the Grantee funds on the basis of expenditure projections set forth in Attachment B, Cash Flow Projections. These projections should reflect actual anticipated expenditures as closely as possible, although initially these may be average estimates. Because of the extensive amount of time involved in overseas transactions, the Endowment will consider cash advances or "anticipated cash requirements" as expenditures for purposes of an expenditure estimate. The Grantee must notify the Endowment within five days in advance of the scheduled disbursement date if there are significant changes in requirements for funds. The Grantee agrees to ensure that surplus funds do not accumulate in Grantee accounts in excess of regular expenditure requirements.

C. Items of Expenditure. All items of expenditure shall be in accordance with the following amounts:

D. Any transfer of funds between administrative and program categories shall require the prior written approval of the Endowment. Transfers of funds between the above listed items that do not involve transfers between administrative and program categories and that exceed a fifteen percent increase or decrease in any one item may only be made after ten (10) days written notice to the Endowment of the intention to make such a transfer.

E. Allowability of costs incurred under this agreement will be determined generally in accordance with Office of Management and Budget Circular A-122 "Cost Principles for Nonprofit Organizations", Attachment C, as in effect on the date of this agreement, until the Endowment and USIA determine which, if any, are applicable to the Endowment.

F. Travel and per diem costs charged to this agreement by the Grantee and its subgrantees shall be limited to the per diem amounts provided for U.S. Government employees for staff and U.S. participants. Foreign participants may be provided per diem and allowances not in excess of the amounts provided for International Visitors under the programs of the U.S. Information Agency.

G. The grant made by the Endowment to the Grantee may include the costs of an accounting and reporting system established to meet the requirements of this grant.

H. Compensation made to consultants in amounts exceeding the federal daily maximum rate must be approved by the Endowment on the basis of salary history and standards of comparability.

ARTICLE IV

RESPONSIBILITIES

In carrying out the purpose of this agreement, the Grantee shall be responsible for:

A. Planning, organizing and administering the program to carry out activities consistent with the purposes of the Endowment and the Act, Attachment D, and the program objectives in Article I, above.

B. Providing funds to other organizations only for activities which are consistent with the purposes set forth in section 502 (b) of the Act.

C. Providing information to the Endowment on Grantee program activities on a timely basis in order to ensure the responsible implementation of the purposes of the Act.

D. The Grantee shall comply with the requirements of section 504 of the Act and further shall insure that the Institute and its grantees comply with the audit and reporting requirements of Section 504.

E. The Grantee shall be subject to the appropriate oversight procedures of the Endowment and the Congress. These procedures include the following:

   1. The Grantee agrees to keep such records as may be reasonably necessary to fully disclose the amount and the disposition by the Grantee of the funds granted under the terms of this agreement, the total cost of the project or undertaking in connection with which such funds are given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

   2. The accounts of the Grantee shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Grantee are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Grantee and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

   3. The report of each such independent audit shall be included in an annual report to the Endowment. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Grantee's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement

of the Grantee's income and expenses during the year, and a statement of the application of funds, together with the independent auditor's opinion of those statements.

4. The financial transactions of the Grantee for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Grantee are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Grantee pertaining to its financial transactions and necessary to facilitate the audit; and they shall be afforded full facilities for verifying transactions with any assets held by depositories, fiscal agents and custodians. All such books, accounts, records, reports, files, papers, and property of the Grantee shall remain in the possession and custody of the Grantee.

5. The Endowment reserves the right to conduct or have conducted its own audit of the Grantee's records in the exercise of its obligations under the Act and the USIA Grant.

6. Not later than November 30 of each year, the Grantee shall submit an annual report for the Endowment for incorporation in the Endowment's annual report to the President for transmittal to the Congress. The report shall include a comprehensive and detailed report of the Grantee's operations, activities, financial condition, and accomplishments under the Act and may include such recommendations as the Grantee deems appropriate.

7. The Board member(s) and officers of the Grantee shall be available to testify (together with Board members and officers of the Endowment) before appropriate committees of the Congress with respect to such report, the report of any audit made by the Comptroller General pursuant to the subsection 504(f) of the Act or any other matter which such committee may determine.

ARTICLE V

REPORTS

The Grantee will retain in the permanent files the following written reports, copies of which will be sent to the Endowment.

A. Program

1. The Grantee shall provide to the Endowment, on a regular basis, reports necessary to monitor the progress of program activity and ensure compliance with legislative requirements. Reports are to be in the form specified in Attachment E. Such reports on grantee program activities are to be provided on a quarterly basis.

2. The Grantee shall prepare an annual report of its program activity (Section IV E. 6. above) for submission to the Endowment in order that this report may be included in the Endowment's annual report to the President and Congress, as required under Section 504(h) of the Act.

B. Financial- The Grantee shall provide financial reports on a regular basis along with the program reports referred to in Sections A.1. and A.2. above. These reports are to be provided on a quarterly and annual basis. Reports are to be provided in the form specified in Attachment E.

C. Expenditure Estimates- The Grantee shall provide modifications to expenditure estimates to ensure that excess funds do not accumulate in Grantee accounts as set forth in Article III. B.

ARTICLE VI

GENERAL LIAISON AND CONSULTATION

The Grantee agrees to consult with the Endowment on a regular basis regarding program implementation and evaluation.

ARTICLE VII

NONEXPENDABLE PERSONAL PROPERTY

The provisions of Office of Management and Budget Circular A-110 "Uniform Administrative Requirements, Attachment N," appended hereto as Attachment F, shall apply to any nonexpendable personal property purchased with funds provided by this agreement, except to the extent that the Endowment and USIA determine that such provisions are not applicable.

ARTICLE VIII

LOBBYING

The Grantee agrees that none of the funds provided by this agreement shall be used by the grantee organization or its subgrantees, for lobbying or propaganda which is directed at influencing public policy decisions of the Government of the United States or any State or locality thereof. This provision shall not be construed so as to abridge the right of any grantee organization to exercise the same freedom of speech as is protected by the first article of amendment of the United States Constitution, so long as such organization does not use funds provided under this grant in exercising such right.

ARTICLE IX

PROHIBITION OF POLITICAL ACTIVITY

The Endowment and its grantees shall make no grants or other expenditures for the purpose of educating, training, or informing U.S. audiences of any domestic partisan policy or practice, or candidate for office. This does not exclude making grants or expenditures for the purpose of educating, training, or informing audiences in other countries on the institutions and values of democracy that may incidentally educate, train, or inform American participants.

ARTICLE X

DISCRIMINATION

The Grantee agrees to comply with:

A. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d et seq., which prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving Federal financial assistance.

B. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicap in programs and activites receiving Federal financial assistance.

C. Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 et. seq., which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance.

D. The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 et. seq., which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance.

ARTICLE XI

PROHIBITED ACTIVITIES

A. The Grantee agrees not to engage in activities unlawful under the laws of the United States, its states, and any subdivisions thereof.

B. There shall be no expenditure by the Endowment or its grantees for the purpose of supporting physical violence by individuals, groups, or governments.

C. No person engaged in intelligence activity on behalf of the United States government or any other government shall be employed by the Endowment or by any of its grantees.

D. No funds provided hereunder shall be used to finance the campaigns of candidates for public office.

ARTICLE XII

INDEMNITY

The Grantee agrees to indemnify the Endowment and its Officers and Directors, including costs of defense, for any claims made against them arising out of the grantee's performance of this grant agreement. This indemnity shall be in excess of the Endowment's insurance policies, but not limited by the scope of such policies.

ARTICLE XIII

AMENDMENTS AND MODIFICATIONS

No amendment or modification of this agreement shall have any force or effect unless it is in writing and signed by an authorized Contracting Officer of the Endowment and the authorized representative of the grantee organization.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the dates indicated herein below.

FOR THE GRANTEE		FOR THE NATIONAL ENDOWMENT FOR DEMOCRACY
______________________	Signature	______________________
______________________	Typed Name	______________________
______________________	Title	______________________
______________________	Date	______________________

APPENDIX E

Public Law 98-164
98th Congress

An Act

To authorize appropriations for fiscal years 1984 and 1985 for the Department of State, the United States Information Agency, the Board for International Broadcasting, the Inter-American Foundation, and the Asia Foundation, to establish the National Endowment for Democracy, and for other purposes.

Nov. 22, 1983
[H.R. 2915]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Department of State, U.S. Information Agency, Board for International Broadcasting, Inter-American Foundation, and Asia Foundation, appropriation authorizations.

TITLE I—DEPARTMENT OF STATE

SHORT TITLE

SEC. 101. This title and title X of this Act may be cited as the "Department of State Authorization Act, Fiscal Years 1984 and 1985".

Department of State Authorization Act, Fiscal Years 1984 and 1985.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 102. In addition to amounts otherwise authorized for such purposes, the following amounts are authorized to be appropriated for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and other purposes authorized by law:

* * * * * * *

TITLE V—NATIONAL ENDOWMENT FOR DEMOCRACY

National Endowment for Democracy Act.

SHORT TITLE

SEC. 501. This title may be cited as the "National Endowment for Democracy Act". 22 USC 4411 note.

NATIONAL ENDOWMENT FOR DEMOCRACY

SEC. 502. (a) The Congress finds that there has been established in the District of Columbia a private, nonprofit corporation known as the National Endowment for Democracy (hereafter in this title referred to as the "Endowment") which is not an agency or establishment of the United States Government. 22 USC 4411.

(b) The purposes of the Endowment, as set forth in its articles of incorporation, are—

(1) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

(2) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

(3) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private sector groups) in democratic training programs and democratic institution-building abroad;

(4) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

(5) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions, and organizations of democratic pluralism; and

(6) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific

requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

GRANTS TO THE ENDOWMENT

22 USC 4412.

SEC. 503. (a) The Director of the United States Information Agency shall make an annual grant to the Endowment to enable the Endowment to carry out its purposes as specified in section 502(b). Such grants shall be made with funds specifically appropriated for grants to the Endowment or with funds appropriated to the Agency for the "Salaries and Expenses" account. Such grants shall be made pursuant to a grant agreement between the Director and the Endowment which requires that grant funds will only be used for activities which the Board of Directors of the Endowment determines are consistent with the purposes described in section 502(b), that the Endowment will allocate funds in accordance with subsection (e) of this section, and that the Endowment will otherwise comply with the requirements of this title. The grant agreement may not require the Endowment to comply with requirements other than those specified in this title.

(b) Funds so granted may be used by the Endowment to carry out the purposes described in section 502(b), and otherwise applicable limitations on the purposes for which funds appropriated to the United States Information Agency may be used shall not apply to funds granted to the Endowment.

Restriction.

(c) Nothing in this title shall be construed to make the Endowment an agency or establishment of the United States Government or to make the members of the Board of Directors of the Endowment, or the officers or employees of the Endowment, officers or employees of the United States.

(d) The Endowment and its grantees shall be subject to the appropriate oversight procedures of the Congress.

(e) Of the amounts made available to the Endowment for each of the fiscal years 1984 and 1985 to carry out programs in furtherance of the purposes of this Act—

(1) not less than $13,800,000 shall be for the Free Trade Union Institute; and

(2) not less than $2,500,000 shall be to support private enterprise development programs of the National Chamber Foundation.

ELIGIBILITY OF THE ENDOWMENT FOR GRANTS

22 USC 4413.

SEC. 504. (a) Grants may be made to the Endowment under this title only if the Endowment agrees to comply with the requirements specified in this section and elsewhere in this title.

(b)(1) The Endowment may only provide funding for programs of private sector groups and may not carry out programs directly.

(2) The Endowment may provide funding only for programs which are consistent with the purposes set forth in section 502(b).

Salary or compensation.

(c)(1) Officers of the Endowment may not receive any salary or other compensation from any source, other than the Endowment, for services rendered during the period of their employment by the Endowment.

Travel expenses.

(2) If an individual who is an officer or employee of the United States Government serves as a member of the Board of Directors or as an officer or employee of the Endowment, that individual may

not receive any compensation or travel expenses in connection with services performed for the Endowment.

Stock or dividends.

(d)(1) The Endowment shall not issue any shares of stock or declare or pay any dividends.

(2) No part of the assets of the Endowment shall inure to the benefit of any member of the Board, any officer or employee of the Endowment, or any other individual, except as salary or reasonable compensation for services.

Audits.

(e)(1) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

Report.

(2) The report of each such independent audit shall be included in the annual report required by subsection (h). The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Endowment's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the Endowment's income and expenses during the year, and a statement of the application of funds, together with the independent auditor's opinion of those statements.

GAO audit.

(f)(1) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit; and they shall be afforded full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

Report to Congress.

(2) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this title. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

Report to President.

Recordkeeping.

(g)(1) The Endowment shall ensure that each recipient of assistance provided through the Endowment under this title keeps such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

Information accessibility.

(2) The Endowment shall ensure that it, or any of its duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance provided through the Endowment under this title. The Comptroller General of the United States or any of his duly authorized representatives shall also have access thereto for such purpose.

Report to President and Congress.

(h) Not later than December 31 of each year, the Endowment shall submit an annual report for the preceding fiscal year to the President for transmittal to the Congress. The report shall include a comprehensive and detailed report of the Endowment's operations, activities, financial condition, and accomplishments under this title and may include such recommendations as the Endowment deems appropriate. The Board members and officers of the Endowment shall be available to testify before appropriate committees of the Congress with respect to such report, the report of any audit made by the Comptroller General pursuant to subsection (f), or any other matter which any such committee may determine.

* * * * * * *

APPENDIX F

IA-20955-19-G

GRANT AGREEMENT
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE NATIONAL ENDOWMENT FOR DEMOCRACY, INCORPORATED

MEMORANDUM OF AGREEMENT, made and entered into by and between the Government of the United States of America (hereinafter referred to as the "Government"), acting through the United States Information Agency (hereinafter referred to as the "Agency") and the National Endowment for Democracy, Incorporated, a nonprofit corporation located at 2100 Pennsylvania Avenue, N.W., Washington, D.C. 20037 (hereinafter referred to as the "Grantee" or "Endowment").

WHEREAS, the National Endowment for Democracy Act (hereinafter referred to as the "Act") provides that the Agency shall grant funds to the Endowment to enable the Endowment to carry out its purposes as specified in the Act.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

ARTICLE I

PURPOSE

A. The Agency hereby awards a grant of $18,000,000.00 to the Grantee to enable the Endowment to carry out its purposes as set forth in Section 502(b) of the Act, as follows:

(1) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

(2) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

(3) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business and other private sector groups) in democratic training programs and democratic institution-building abroad;

(4) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

(5) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions and organizations of democratic pluralism; and

(6) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment

B. This Grant Agreement supersedes the Letter Contract dated December 1, 1983, bearing the same number.

ARTICLE II

PERIOD

A. The period of this agreement shall be from December 1, 1983 through September 30, 1984. All expenditures paid with funds provided by this agreement must be incurred for authorized activities which take place or commence during this period.

B. In addition, the unexpended but obligated balances of funds provided under this grant agreement shall continue to be available until expended for the specific purposes authorized under this agreement. Funds not obligated by the Endowment during the period specified in A. above, shall not be drawn down by the grantee and the amount of funds obligated will be reduced accordingly by modification hereto.

ARTICLE III

PAYMENT, ITEMS OF EXPENDITURE, AND ACCOUNTING DATA

A. The funds awarded pursuant to this agreement shall be used for the purposes described in Article I; shall be paid to the Grantee in accordance with the provisions of Section B. herein below; and shall be expended in accordance with the Items of Expenditure set forth in Section C. herein below.

B. The Grantee shall follow the "Letter of Credit Procedures" set forth by the Agency. The Grantee shall submit payment vouchers (Form TFS-5401) to its selected commercial bank requesting funds necessary to meet the immediate requirements of the Grantee in carrying out this agreement.

C. Items of Expenditure

1. Administrative Costs of the Endowment

2. Grants for programs of private sector groups.

   The Endowment will allocate funds in accordance with Section 503(e) of the Act.

D. The Endowment shall, within 90 days of execution of this agreement, provide the Agency with a budget which will evidence compliance with Article III, Section C. (1 and 2), above.

E. The amounts set forth under items C1, and C2, of Article III may not be transferred between those items without prior written notification to the General Accounting Office ("GAO") and the Agency, as grantor.

F. Allowability of costs incurred under this agreement will be determined generally in accordance with Office of Management and Budget Circular A-122 "Cost Principles for Nonprofit Organizations" as in effect on the date of this agreement. The Agency and the Endowment agree to submit to the Office of Management and Budget ("OMB") within 90 days a memorandum outlining which provisions of Circular A-122, if any, are applicable to the Endowment.

G. Travel and per diem costs charged to this agreement by the Endowment and its grantees shall be limited to the per diem amounts provided for U.S. Government employees for staff and U.S. participants. Foreign participants may be provided per diem and allowances not in excess of the amounts provided for International Visitors under the Agency's programs.

H. As stipulated in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriation Act, 1984 (P.L. 98-166), funds specifically made available to the U.S. Information Agency in the appropriation, "National Endowment for Democracy" (6740210), shall be used to fund this grant. Nothing in this Agreement shall prejudice the Endowment's claim that in addition to these funds, it is entitled to funds appropriated to the Agency's "Salaries and Expenses" account as stipulated in sections 205 of the United States Information Agency Authorization Act, Fiscal Years 1984 and 1985, and 503 (a) of the National Endowment for Democracy Act, Public Law 98-164.

ARTICLE IV

RESPONSIBILITIES

In carrying out the purpose of this agreement, the Grantee shall be responsible for:

A. Planning, organizing and administering the program to carry out the purposes of the Act.

B. The Endowment may only provide funding for programs of private sector groups and may not carry out programs directly.

C. The Endowment may provide funding only for programs which are consistent with the purposes set forth in section 502(b) of the Act and which the Board of Directors of the Endowment determines are consistent with those purposes.

D. The Endowment shall comply with the requirements of section 504 of the Act and further shall insure that the Endowment and its grantees comply with the audit and reporting requirements of Section 504. USIA asserts that the rights of audit provided to the Comptroller General of the United States shall also extend to the Director of the U.S. Information Agency and his duly authorized representatives. Nothing in this agreement shall prejudice the Endowment's claims that the Agency does not have the right to audit. The Agency and the Endowment, prior to the scheduled audit, agree to seek from the Comptroller General a resolution of the rights of audit which the Agency asserts under this agreement, and to abide by that resolution.

E. The Endowment and its grantees shall be subject to the appropriate oversight procedures of the Congress. These procedures include the following:

(1) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(2) The report of each such independent audit shall be included in the annual report required by subsection 504 (h) of the Act. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Endowment's assets and liabilities, surplus or deficit, with an analysis of the changes

therein during the year, supplemented in reasonable detail by a statement of the Endowment's income and expenses during the year, and a statement of the application of funds, together with the independent auditior's opinion of those statements.

(3) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit; and they shall be afforded full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

(4) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this title. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

(5) The Endowment shall ensure that each recipient of assistance provided through the Endowment under the Act keeps such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(6) The Endowment shall ensure that it, or any of its duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance provided through the Endowment under the Act. The Comptroller General of the United States or any of his duly authorized representatives shall also have access thereto for such purpose.

(7) Not later than December 31 of each year, the Endowment shall

a comprehensive and detailed report of the Endowment's operations, activities, financial condition, and accomplishments under the Act and may include such recommendations as the Endowment deems appropriate.

(8) The Board member and officers of the Endowment shall be available to testify before appropriate committees of the Congress with respect to such report, the report of any audit made by the Comptroller General pursuant to the subsection 504 (f) of the Act or any other matter which such committee may determine.

F. The Endowment will retain in its permanent files, and will furnish to USIA within ninety (90) days, the procedures that the Endowment will follow to:

1. Publicize the availability of grants under the Act.
2. Obtain submission of grant applications by private sector groups.
3. Select grantees for award and to determine the level of funding to be provided.
4. Monitor and assure compliance with the Act by its grantees.

G. The Endowment will retain in its permanent files and will, within ten days after the award of any grant under this agreement, furnish USIA a copy of the following:

1. A copy of the award.
2. A copy of the approved budget for the award.
3. A summary of the proposed program.
4. Appropriate supporting material describing the program.

H. The Endowment will maintain accounting control over the funds provided by this agreement with proper documentation.

I. The Endowment will comply with all laws, rules, procedures and regulations concerning Federal grants as they may relate to the administration of this grant made pursuant to the Act.

J. The Endowment may state in any announcement or publicity, where it is not inappropriate, that the activities conducted by it and its grantees are assisted financially under the Act.

ARTICLE V

REPORTS

The Grantee will retain in its permanent files the following written reports, copies of which will be sent to the USIA.

A. Program - The report required under Section 504 (h) of the Act.

B. Financial - A report reflecting expenditures as required in the audit provided for in Section 502(e) of the Act.

C. Letter of Credit - The reports required under the letter of credit instructions.

ARTICLE VI

LIAISON

All liaison shall be with the Director of the Agency who may delegate his responsibilities as he wishes.

ARTICLE VII

U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

The Endowment Board of Directors and the United States Advisory Commission on Public Diplomacy shall meet within ninety (90) days after the signing of this agreement to develop the terms of a continuing and appropriate advisory relationship as envisioned in the legislative history of the Act.

ARTICLE VIII

NONEXPENDABLE PERSONAL PROPERTY

The provisions of Office of Management and Budget Circular A-110 "Uniform Administrative Requirements.", Attachment N, shall apply to any nonexpendable personal property purchased with funds provided by this agreement.

ARTICLE IX

LOBBYING

The Grantee agrees that none of the funds provided by this agreement shall be used by the grantee organization or its grantees, for lobbying or propaganda which is directed at influencing public policy decisions of the Government of the United States or any State or locality thereof. This provision shall not be construed so as to abridge the right of any grantee organization to exercise the same freedom of speech as is protected by the first article of amendment of the United States Constitution, so long as such organization does not use funds provided under this grant in exercising such right.

ARTICLE X

Prohibition on Political Activity

The Grantee agrees that none of the funds provided by this agreement shall be used by the grantee organization or its grantees in support of domestic partisan political activity in the United States.

ARTICLE XI

Discrimination

The Endowment agrees to comply with:

A. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d et seq., which prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving Federal financial assistance.

B. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of handicap in programs and activities receiving Federal financial assistance.

C. Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 et. seq., which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance.

D. The Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 et. seq., which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance.

ARTICLE XII

AMENDMENTS AND MODIFICATIONS

No amendment or modification of this agreement shall have any force or effect unless it is in writing and signed by an authorized Contracting Officer of the Agency and the authorized representative of the Endowment.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the dates indicated herein below.

FOR THE GRANTEE NATIONAL ENDOWMENT FOR DEMOCRACY, INC.		FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA UNITED STATES INFORMATION AGENCY
John Richardson	Signature	Charles Z. Wick
John Richardson	Typed Name	Charles Z. Wick
Chairman of the Board	Title	Director United States Information Agency
3/19/84	Date	MAR 19 1984

NATIONAL ENDOWMENT FOR DEMOCRACY

BOARD OF DIRECTORS
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Carl Gershman
President

Strengthening Democracy Abroad: The Role of The National Endowment for Democracy

Statement of Principles and Objectives

December 1984

1156 Fifteenth Street, N.W. • Suite 304 • Washington, D.C. 20005 • (202) 293-9072

STRENGTHENING DEMOCRACY ABROAD

THE ROLE OF THE NATIONAL ENDOWMENT FOR DEMOCRACY

The National Endowment for Democracy is a new U.S. initiative to strengthen democratic institutions throughout the world through private, nongovernmental efforts. It is a privately incorporated non-profit organization funded by Congress, with a Board of Directors comprised of leading citizens from the mainstream of American political and civic life -- liberals and conservatives, Democrats and Republicans, representatives of business and labor, and others with long international experience. The Endowment embodies a broad, bipartisan U.S. commitment to democracy. It seeks to enlist the energies and talents of private citizens and groups in the United States to work with those abroad who wish to build for themselves a democratic future.

The Endowment's avowed objective of strengthening democratic groups and institutions in other countries not only reflects the hopes and ideals of the American people, but also is rooted in universally recognized principles of international law. The Universal Declaration of Human Rights and other United Nations agreements (including the Conventions of the International Labor Organization), as well as the Helsinki Final Act, commit governments around the world to honoring the fundamental human rights that are guaranteed to citizens of the United States and other free societies. It is therefore in keeping with established international law for the American people, through an institution such as the National Endowment for Democracy, to help others build democratic institutions and strengthen democratic processes that will promote individual rights and freedoms.

The expansion of private, voluntary initiatives to promote democracy internationally cannot be accomplished through governmental action alone. Indeed, the creation and structure of the Endowment reflect the view that the U.S. private sector is both a more appropriate and a more effective vehicle than government for working with private groups abroad to advance the democratic cause. The flexibility afforded by the Endowment's nongovernmental character gives it a crucial advantage in developing relationships of partnership and cooperation with foreign organizations. As a grant-making agency, the Endowment will enhance the capabilities of American private-sector groups to assist and encourage their counterparts abroad. As an institutional reference point for the effort to strengthen democracy, it will make possible the kind of sustained and coordinated support that can make a difference over time.

By its very nature, such support cannot be governed by the short-term policy preferences of a particular U.S. Administration or by the partisan political interests of any party or group. The Endowment will keep the Executive branch fully informed of its programs and will solicit the views of relevant U.S. officials in Washington and in embassies abroad. As stated in the National

Endowment for Democracy Act (P.L. 98-164), the Endowment will of course also be subject to appropriate Congressional oversight and review. But as a private non-governmental organization it will set its own policies and make its own decisions.

The Endowment will be effective in carrying out its mission only if it stands apart from immediate policy disputes and represents a consistent, bipartisan, long-term approach to strengthening democracy that will be supported through successive Administrations. While the Endowment must also be prepared to provide timely assistance in critical moments to foreign democrats, its decisions must be guided by the urgency of the need in the context of the Endowment's broad democratic objectives, not by the exigencies of government policy or the partisan concerns of a particular political viewpoint.

The Endowment recognizes the importance of ideas in the contemporary world and the need to nourish an intellectual climate in which democracy can grow and flourish. Fundamental to the democratic process is a lively competition among points of view, interest groups and independent institutions. The goal is not to steer other nations toward the adoption of any particular set of policies, but rather to help them evolve into stable and vigorous democratic societies.

The activities supported by the Endowment will be guided by the six purposes set forth in the Endowment's Articles of Incorporation and the National Endowment for Democracy Act passed by the United States Congress. These six purposes are:

(1) to encourage free and democratic institutions throughout the world through private sector initiatives, including activities which promote the individual rights and freedoms (including internationally recognized human rights) which are essential to the functioning of democratic institutions;

(2) to facilitate exchanges between United States private sector groups (especially the two major American political parties, labor, and business) and democratic groups abroad;

(3) to promote United States nongovernmental participation (especially through the two major American political parties, labor, business, and other private sector groups) in democratic training programs and democratic institution-building abroad;

(4) to strengthen democratic electoral processes abroad through timely measures in cooperation with indigenous democratic forces;

(5) to support the participation of the two major American political parties, labor, business, and other United States private sector groups in fostering cooperation with those abroad dedicated to the cultural values, institutions and organizations of democratic pluralism; and,

(6) to encourage the establishment and growth of democratic development in a manner consistent both with the broad concerns of United States national interests and with the specific requirements of the democratic groups in other countries which are aided by programs funded by the Endowment.

In all its efforts to implement these purposes, the Endowment will be guided by the following principles:

-- that democracy involves the right of the people freely to determine their own destiny;

-- that the exercise of this right requires a system that guarantees free and competitive elections, freedom of expression, belief and association, respect for the inalienable rights of individuals and minorities, free communications media, and the rule of law;

-- that a democratic system may take a variety of forms suited to local needs and traditions, and therefore may not follow the U.S. or any other particular model;

-- that the existence of autonomous economic, political, social and cultural institutions is the best guarantor of individual rights and freedoms and the foundation of the democratic process;

-- that private institutions in free societies can contribute to the development of democracy through assistance to counterparts abroad;

-- that such assistance must be responsive to local needs and seek to encourage -- but not to control -- indigenous efforts to build free and independent institutions; and,

-- that the partnership envisaged between those who enjoy the benefits of democracy and those who aspire to a democratic future must be based upon mutual respect, shared values, and a common commitment to work together to extend the frontiers of democracy for present and future generations.

The programs supported by the Endowment will not only have to take account of cultural and economic diversity, but must also be suited to the particular state of democratic development that obtains in different countries. In countries where democracy exists but is not securely established, the task will be to enhance the credibility and efficiency of democratic governance and to strengthen the private-sector institutional and cultural framework. Where countries are in transition to democracy, it is the process of transition itself that should be assisted by measures to broaden confidence in the democratic process and to reinforce groups committed to democracy.

In countries where political democracy can only be a long-term goal, the Endowment will concentrate on helping to build such institutions as independent business organizations, free trade unions, a free press, and an independent judiciary. In societies where even these independent institutions are prohibited or severely restricted, the immediate objective will be to enlarge whatever possibilities exist for independent thought, expression, and cultural activity.

While the Endowment will concentrate the major part of its resources on situations that offer a realistic prospect for achieving progress toward democracy, it will not neglect those who keep alive the flame of freedom in closed societies.

The Endowment is developing and funding programs in five substantive areas: 1) pluralism, 2) democratic governance and political processes, 3) education, culture and communications, 4) research, and 5) international cooperation. Encouraging the development abroad of strong, independent private-sector organizations -- especially labor unions and business associations -- is one of the Endowment's top priorities. Of comparable importance will be non-partisan efforts to strengthen the political institutions and processes of unstable or newly emerging democracies. A third program category to which the Endowment intends to devote a significant portion of its resources will be activities in the area of education, culture and communications. Research and international cooperation will receive much more modest funding, but they are nonetheless critical to the Endowment's overall program.

The following pages provide a more detailed discussion of these five program areas:

I. Pluralism

An essential precondition of democracy is the existence of a variety of independent organized groups representing diverse interests. The authors of the Federalist argued that competition among a "multiplicity of interests" was both the very heart of democratic politics and the best security for the rights of individuals and minorities. Exercise of the basic right of freedom of association, recognized both in our own First Amendment and in many international agreements, enables individuals with common interests to combine into strong and independent organizations that can represent the views and protect the rights of their members. Where this kind of pluralism is allowed to flourish, it is likely that undemocratic political systems ultimately will have to accommodate to a process of free and fair competition for power. And in functioning democracies, vigorous private, voluntary institutions present powerful obstacles to unwarranted extensions of governmental authority. Moreover, these organizations serve as "schools of democracy," accustoming their members to the free discussion, accommodation of differing views, and respect for procedural rules that are intrinsic to democratic politics.

The two largest and most important elements of pluralism in the economic sphere are business and labor. In recognition of their central role, Congress in the National Endowment for Democracy Act mandated a special relationship with the Endowment for the AFL-CIO's Free Trade Union Institute and the National Chamber Foundation's Center for International Private Enterprise. These affiliated institutes, which are designated recipients of the major portion of the Endowment's Congressional appropriation, each carry out a series of integrated programs aimed at strengthening the contributions to democratic pluralism of their counterparts abroad.

(1) Trade Unions -- Free and independent trade unions play an indispensable role in the process of democratization. In addition to protecting the job-related rights of individual workers, unions represent an organized force for representing the interests of common people in the political, economic and social life of a country. By giving democratic representation to working people and ensuring their inclusion in the processes by which decisions are made and power is distributed, unions help developing societies avoid the kind of sharp polarization that feeds political extremism and allows anti-democratic groups to exploit worker grievances. Unions also represent a major hope for the peaceful democratization of totalitarian societies. Independent trade unions thus constitute a fundamental part of the Endowment's effort to promote democracy.

Programs in this area, funded through the Free Trade Union Institute, will seek to promote:

(a) Institution-building -- Assistance will be given to national trade union centers and international trade secretariats for strengthening the infrastructure of trade unions. Organizational support will also be given to regional trade union groups and to international labor organizations such as the International Confederation of Free Trade Unions (ICFTU). In addition, funds will be made available for emergency organizational support, to assist trade union exiles, and to help counter efforts by anti-democratic groups to subvert the union movement.

(b) Exchanges -- Since the labor movement is built upon the principle of solidarity, an important part of any union building program is exchanges which strengthen international bonds among free trade unionists. Such exchange programs will be tied to other programs, especially comprehensive training, conferences, and educational seminars, thus ensuring that the exchanges reinforce the total effort to strengthen free unions.

(c) Training and Civic Education -- Unions are complex, democratic organizations, and effective leadership therefore requires sophisticated skills. Programs in this area will include training in the techniques of organization, servicing members, producing and disseminating written materials, organizing public demonstrations and rallies, and identifying and combatting anti-democratic groups. Educational programs will also train union leaders and members in parliamentary procedures and internal democracy, as well as in the philosophy of free trade unions.

(d) Electoral Processes -- An important goal of unions is to strengthen the democratic process in the society at large and ensure that the political system is responsive to the interest of workers. Toward that end, programs will train union members in political skills, including registration and get-out-the-vote efforts, communicating with other union members to increase political participation, and communicating union views to the general electorate.

(e) Democratic Pluralism -- In order to encourage the growth of pluralism, programs will be undertaken to assist free union movements in non-democratic societies. Pluralism will also be promoted through research and publications that emphasize the importance of democratic values to the existence of free trade unions and provide information about efforts by anti-democratic groups to subvert unions.

(f) Democratic Development -- An important objective of free trade unions is development of democracy in the broader society. In this regard, programs will support labor-related projects such as land reform and community development, which may be organized by local or regional union bodies or international bodies like the ICFTU.

(2) Business -- Independent associations representing the views of the business community are an essential component of a pluralistic society. But the role of the business organization is merely one dimension of the importance of an open economy to democracy. The experience of recent decades has confirmed that an open market economy is a prerequisite of an open political system. A dynamic private sector with an active small business community can supply a counterweight that effectively limits state power and

enables democracy to thrive. And the private sector can remain healthy and independent only if it is genuinely free, which is to say, not beholden to a government that controls all the economic resources of society. Moreover, a market economy provides significant protection for political dissent: Individuals who oppose government policy are not in danger of losing their livelihoods as they would be in a fully collectivized economy.

Through the Center for International Private Enterprise, the Endowment will fund programs designed to:

(a) provide assistance to business communities abroad in strengthening their organizational capabilities as democratic institutions;

(b) create exchanges among business leaders throughout the world in the context of business associations to foster growth of democratic institutions and values, and to strengthen the international mechanisms of the open economic system;

(c) encourage participation of business leaders in democratic political processes and exposure of political leaders to open market economics to ensure political pluralism;

(d) provide leadership development and training for association executives and their voluntary leadership throughout the world to strengthen the voluntary business institutions as supporters of democratic pluralism;

(e) develop communications programs and materials for youth, employees, women's groups, academics, political leaders, and other audiences to encourage entrepreneurship and support for open market systems;

(f) establish an international research and demonstration effort to provide a central point of information on the efforts of business organizations;

(g) provide support for an effective international coordinating mechanism for business and encourage an active role for such a mechanism in international forums; and,

(h) encourage local chambers of commerce in the U.S. to develop international exchange programs at the local level.

(3) Other Private-Sector Institutions -- Another significant private-sector economic organization is the cooperative. Groups of people uniting in cooperatives to carry out economic enterprises can acquire an invaluable grass-roots experience in democratic decision making. The Endowment will consider funding programs that reinforce the democratic character of cooperatives and enhance

their contribution to the democratization of developing countries.

Civic and social organizations will also be eligible for Endowment assistance. These institutions can play an important role not only in developing organizational skills and democratic attitudes among their members, but also in bolstering the civic consciousness of the wider society to which they belong. The Endowment is especially interested in aiding the work of organizations dedicated to promoting political participation among women, youth, and ethnic minorities.

Finally, the Endowment may extend assistance to organizations whose aim is the protection of human rights, the promotion of religious toleration, or the defense of victims of persecution.

II. Democratic Governance and Political Processes

Democracy requires a system of representative government in which leaders are chosen in freely contested, fair, and periodic elections, and the rights of individuals and groups are assured through the just and equitable rule of law. The Endowment will seek to strengthen that system in countries where democracy is newly established, fragile, or under challenge from anti-democratic forces of the left or right. The Endowment will also seek to facilitate and encourage a transition to democracy where there are opportunities for such a positive evolution. And even in non-democratic countries, it may be possible for the Endowment to work with certain official institutions (e.g., an independent judiciary) whose strengthening may facilitate an eventual emergence of democratic rule.

In its efforts to promote democratic governance and political processes, the Endowment will support programs in the following areas:

(1) Political Parties -- A democratic political system requires strong, stable political parties committed to the democratic process. The Endowment will seek to bolster the democratic political system where it still prevails and to help democratic forces to rebuild where they have been weakened by violent assaults or exclusion from the political process. The Endowment will be especially interested in nonpartisan programs that seek to promote democratic values among all parties in the democratic spectrum. It will not pick and choose among the democratic competitors in countries where such competition is possible or among democratic parties where they are excluded from political competition, but rather concentrate on strengthening the organizational capabilities and democratic convictions of all parties committed to the values of democracy.

One means for achieving this objective is the creation of nonpartisan centers for political education that could attract young leaders and activists from the entire range of democratic political parties. Such centers could provide training in campaign techniques and party organization, as well as education in the fundamental principles of democracy. While run by individuals from the countries or regions involved, these centers could draw upon U.S. advice and assistance and also become the focal point for regular exchanges and contacts with U.S. counterparts. No Endowment funds, however, may be used to finance the campaigns of candidates for public office.

(2) Election Participation and Administration -- The Endowment will also seek to promote well organized and administered elections that ensure fair competition and thus encourage the acceptance of the results by all democratic parties. The Endowment will support programs that provide sound technical assistance in the design and administration of election systems, as well as efforts to increase voter registration and education, the training of poll watchers, and other measures that stimulate participation and enhance the legitimacy of the democratic electoral process.

(3) Public Policy and Information -- The emergence of public policy institutes in the United States and other Western democracies is serving as a model for the Third World. Independent and generally nonpartisan centers for research and the development of alternative solutions to national problems have been established even in nondemocratic countries, where they can serve as forums for dialogue among the various political, economic and social forces. The Endowment is especially interested in assisting institutions of this kind. It will also consider supporting other programs that make informational resources available to public officials, in particular to legislative bodies.

(4) The Rule of Law and the Administration of Justice -- The fair and equitable rule of law is the foundation of a democratic system. It limits the authority of the state, protects the rights of individuals and groups, and makes possible the orderly and peaceful governance of society. The Endowment may support programs devoted to legal and judicial education and training, the modernization and increased independence of court systems, the codification of laws, the upgrading of law libraries and archives, the writing or reform of constitutions to encourage democratic governance and the rule of law, and other activities which support these objectives.

(5) The Military and Democracy -- In many Third World countries, the attitude of the military to democracy may be decisive. A military that is committed to a professional as opposed to a political role, and which respects democratic processes, is a vital asset to any democratic system. Therefore, the Endowment will be interested in programs aimed at fostering an increased appreciation of democratic values on the part of foreign military officers.

III. Education, Culture and Communications

A third vitally important aspect of the Endowment's work will be directed at the realm of education, culture and communications. Democratic political institutions will not long endure unless they are buttressed by a strong civic culture and supported by a populace that is committed to such ideals as the rule of law, individual liberty, freedom of religion, free and open debate, majority rule, and protection of the rights of minorities. Nor will the demise of dictatorships give birth to genuine and lasting democracy where the citizenry has not already begun to understand and appreciate democratic values. Moreover, the general prospects for the advance of democracy in the world will depend in large part on the cogency and vigor with which its advocates can defend the case for free societies against their adversaries.

The Endowment's activities in this area may include the following kinds of programs:

(1) Support for Independent Newspapers, Journals, and Other Media of Communications. The indispensability of a free press to democratic societies argues for an active Endowment effort aimed at encouraging democratically-oriented journalistic enterprises in the Third World. Programs that might be supported would include professional training in news gathering and reporting; assistance to journalistic associations and other groups dedicated to promoting and defending freedom of the press; and aid to print and electronic media that serve as forums for free discussion and the advancement of democratic ideas.

(2) Support for Democratic Education. Training in democratic habits and principles is most effective if it begins during youth. Hence the Endowment will fund programs aimed at improving civic education in schools, especially efforts to develop more effective democratically-oriented curricula. It will also consider assisting university-based or independent programs of education, research and discussion in situations where institutions devoted to intellectual liberty and the free exchange of ideas are being threatened by anti-democratic forces.

(3) Support for Activities Directed at Strengthening Popular Understanding and Intellectual Advocacy of Democracy. The dissemination of books, films or television programs illuminating or advocating democracy is an activity deserving consideration for support. So are efforts to promote associations among pro-democratic intellectuals, writers, scientists and artists. Such contacts not only contribute to an enrichment and refinement of democratic ideas, but enhance the self-confidence and determination of advocates of freedom everywhere.

Efforts in the realm of culture and opinion assume special importance in closed societies, where other levers for promoting progress toward democracy are not available. The first and most essential step toward the opening of closed societies is the encouragement and sustenance of a degree of independent public opinion. Toward this end it is necessary to promote a freer flow of information to and from the people of such countries. This can be done both by making available outside sources of information and ideas and by assisting in the publication and dissemination of independent scholarly or artistic works produced within.

It is also important that worthy products of the unofficial (or "second") culture of closed societies be widely recognized in open societies, for the sustainability of an independent public opinion depends in large measure on the resonance and support it receives in free countries. Moreover, recognition abroad tends to provide "underground" scholars and artists, as well as human rights activists and political dissidents, with some protection against government repression. It is vital that the struggle of these brave people for intellectual liberty and human rights not be ignored, and that they know they have the support of democrats throughout the world.

IV. Research and Scholarly Cooperation

Although most of its grants will support action-oriented programs, the Endowment recognizes that well conceived and clearly targeted research can usefully contribute to the effort to promote democracy. Accordingly, it expects to allocate a small portion of its resources to funding research. The Endowment will make occasional grants for studies that will both aid it in carrying out its mission and be of considerable interest to a wider audience. These might include: (1) general or comparative studies on the preconditions and prospects of democracy; (2) studies focused on the problems of democracy in particular regions or countries in which the Endowment has a special interest; and (3) studies that evaluate the effectiveness of previous and existing efforts to promote democracy.

The Endowment staff intends to develop close ties with the academic and policy research communities. In addition to making a small number of research grants, the Endowment may also from time to time call upon research consultants or informally bring together small groups of experts to aid the staff in program planning. It will also sometimes seek the assistance of scholars in reviewing grant proposals.

Indeed, the Endowment hopes that, despite the limited resources it can devote to research, it will be able to act as a catalyst to encourage greater academic attention to the issue of democracy and its role in the contemporary world. The Endowment staff will attempt to keep itself informed about all significant research that is being done in this field and to maintain contact with other organizations, in both the public and private sectors in the U.S. and abroad, that fund research. In this way it will be in a position to suggest possible alternative sources of support to those researchers whose projects it cannot itself fund. In short, the Endowment hopes eventually to become a kind of clearinghouse for research on democracy.

V. International Cooperation

An important priority for the Endowment will be to encourage regional and international cooperation in the building and strengthening of democracy. Thus the Endowment will consider making grants for programs aimed at promoting greater cohesion among the democracies and enhancing coordination among democratic forces. In particular, the Endowment will seek to coordinate its own activities with parallel efforts organized by other groups with similar objectives, such as the West German political foundations. Efforts will also be made to enlist the cooperation of private-sector groups in countries that have a special relationship with a particular region (e.g., Japan or Australia in Asia, France in Francophone Africa, etc.). Through such efforts, the Endowment hopes to foster a sense of common identity and purpose among democratic groups and democratic societies generally.

Conclusion

The effort to foster democracy is necessarily a long-range project. In most cases, results will not be attained quickly but will require long years of steady, persistent work. Democracy itself is hard work. It is not achieved through a single election or a particular reform, but consists of institutions, habits, procedures, and values that evolve over time and according to the needs and traditions of diverse political cultures. No amount of effort or investment of resources could be successful, however, if the idea of democracy were not intrinsically attractive to ordinary people throughout the world. We believe that the democratic idea has enormous appeal; that, indeed, it is an ideal that billions of people in all parts of the globe revere and aspire to. These people are our partners, or our potential partners. We hope that the Endowment's work will not only help them achieve the blessings of democracy, but will strengthen the bond between them and the people of the United States, a bond based on our common commitment to democracy as a way of life.

LET'S REBUILD, AMERICA
IN THE 80's

Statement of the Chamber of Commerce of the United States

ON: NATIONAL ENDOWMENT FOR DEMOCRACY

TO: SENATE COMMITTEE ON FOREIGN RELATIONS

BY: MICHAEL A. SAMUELS

DATE: MARCH 29, 1985

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The Chamber of Commerce of the United States is the world's largest federation of companies and associations, and is the principal spokesman for the American business community. It represents more than 180,000 companies plus several thousand other organizations such as local/state chambers of commerce and trade/professional associations.

More than 85 percent of the Chamber's members are small firms with fewer than 100 employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business -- manufacturing, retailing, services, construction, wholesaling, and finance -- numbers more than 14,000 members. Yet, no one group constitutes as much as 26 percent of the total membership. Further, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the 50 American Chambers of Commerce Abroad, an increasing number of members are engaged in the export and import of both goods and services, and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross section of its members serving on committees, subcommittees and task forces. Currently, some 1,800 business people participate in this process.

STATEMENT
on
NATIONAL ENDOWMENT FOR DEMOCRACY
for submission to the
SENATE COMMITTEE ON FOREIGN RELATIONS
for the
CHAMBER OF COMMERCE OF THE UNITED STATES
by
Michael A. Samuels*
March 29, 1985

Mr. Chairman and members of the Committee, I am Michael A. Samuels, Vice President, International, Chamber of Commerce of the United States, and Executive Director of the Center for International Private Enterprise (CIPE).

I have served in several foreign policy positions--in Sierra Leone as Ambassador, in the State Department, in the White House, and in the Georgetown Center for Strategic and International Studies as Executive Director of Third World Studies. Since joining the Chamber, I have been responsible for relations with the 53 American Chambers abroad, the 14 bilateral business councils, and the Chamber's international policy issues.

On behalf of the Chamber, I wish to commend the Committee for the leadership shown in supporting the creation of the National Endowment for Democracy, to whose principles the Chamber remains fully committed, and I am pleased to report to you on our progress in implementing the business portions of the Endowment.

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*Vice President, International

Progress to Date

Nearly two years ago, your Committee first launched the Endowment as part of the State Department reauthorization bill. Congress passed the legislation in November of 1983, and the first funds were made available to CIPE in early 1984. In less than a year, CIPE has become fully operational. We have established relations with counterpart organizations in every region and have conducted programs throughout the developing world.

Major Goals

Let me take this opportunity to share with you the major goals which CIPE has been and will be pursuing for the foreseeable future. They are twofold. First, CIPE will work to strengthen the capability and will of representative business organizations in various countries to increase their impact on public policy in their countries. Second, CIPE will work to encourage a greater understanding of the essential role played by an open economy and the marketplace in good public policy, in both growth and development, and in the proper functioning of democracy. All of our projects will serve one or both of these goals.

Summary of Activities

I have attached CIPE's Annual Report and final quarterly report to my statement as Appendix 1 and ask that they be included in the record.

Because these reports provide the Committee with a full account of our activities, I will summarize the highlights of the first year.

Throughout the world, private enterprise and individual initiative are increasingly seen as the source of economic growth and human advancement. CIPE reflects the Chamber's commitment to assisting other nations in their struggle for freedom, prosperity, and human dignity.

Edward Donley, Chairman and Chief Executive Officer of Air Products and Chemicals, Inc., serves as the Chairman of CIPE's Executive Council. The membership of the Executive Council is listed in the Annual Report. It includes small business leaders, corporate executives, academics, and others with expertise in international business.

During 1984, CIPE began its first year with projects geared to strengthening chambers of commerce, employers' organizations, and other business groups abroad. CIPE's initial step was to sponsor the participation of 26 foreign association executives in the Chamber's Institute for Organization Management to gain practical experience in chamber and association work. The Institute program included two weeks of courses and discussions. Participants came from the People's Republic of China, India, the Philippines, Egypt, Spain, Greece, Grenada, Costa Rica, and elsewhere in the developing world.

In Latin America, CIPE programs are encouraging the growth of business advocacy. For example, a CIPE grant is enabling Peru's Institute for Liberty and

Democracy to push for economic freedom, property rights, and open markets by reforming regulatory and legal systems. In Nicaragua, CIPE support is essential to the survival of the entrepreneurial spirit.

CIPE also initiated efforts geared to the special needs of Africa by funding a conference on entrepreneurial development held by the Africa Club. Nearly 200 business, government, and academic leaders from 14 African countries met to consider ways to create incentive economies and market systems in the continent. Immediately thereafter, CIPE began a program of management assistance to support the Zimbabwe National Chamber of Commerce in its efforts to halt the spread of Marxism in their country.

Europe represents a special case. CIPE programs are two types. First, we are assisting business organizations in Spain to propose reforms of the educational system and to strengthen their own management training effort. These programs are designed to encourage the business community in that country to play a meaningful and positive role in the transition to democracy. A second type of activity relates to the International business organizations headquartered in Europe. CIPE is supporting efforts by the International Organization of Employers to assist affiliates in Central America. I believe such efforts will strengthen the international business institutions, as well as those located in particular countries.

Other CIPE programs include private enterprise education, management and technical assistance to business organizations, communications and journalism training, and a research and publications program.

CONGRESSIONAL ISSUES

Mr. Chairman, I want to take this opportunity to comment on several issues that surfaced during the Congressional debate over the Endowment. The year of experience that we have gained in operating the program gives us a fresh perspective for responding to the concerns many had about CIPE and the other parts of the Endowment structure.

The need for oversight was one of the concerns raised most frequently. The General Accounting Office conducted two audits. Another has been requested. In addition, each part of the Endowment has been audited by an independent accounting firm. The Chamber welcomes these audits which are public and which prove that the organizations carrying out your mandate are doing so responsibly and that adequate oversight has been exercised.

The Endowment has gone further in making records public. The Endowment Board has adopted resolutions guaranteeing full public disclosure of grant records and performance reports. These resolutions were adopted in response to Congressional concern over the Freedom of Information Act (FOIA). Because the Endowment was privately established, FOIA does not apply, just as it does not apply to other private entities that receive public funds. In the Chamber's view, the Endowment Board's actions are sufficient to guarantee the public's right to know while maintaining its essential private character.

A closely related concern was the fear that the Endowment or its grantees would interfere in elections overseas. The Endowment Board has adopted resolutions to limit the types of programs that grantees may undertake. Specifically, the Board prohibited any contributions to candidates for public office or to related campaign organizations. These resolutions had the effect of meeting the Congressional concern while allowing grantees to undertake programs in support of the broad democratic process. Although CIPE has not yet undertaken any programs in support of democratic elections, I have believed from the start that such programs within the Endowment are a vital part of supporting democratic development.

The issues mentioned have stemmed from the private character of the Endowment. A few have thought that the programs should have been made subject to prior approval by the embassies or at least the executive branch. As a former ambassador, I have been sensitive to these views. I have discussed this with some of the ambassadors and foreign service officers. The conclusion I reached is that the existing system serves the best interest of the United States. In authorizing funding for the Endowment in P.L. 98-164, Congress recognized the private nature of the Endowment and its grantees while preserving public oversight. This system which it created has allowed the Endowment Board to fund creative projects that normally would not or could not be initiated through the government system. Further, because the ambassador has no control over Endowment programs, he or she has no responsibility for programs that may be unpopular with the government of the day in a particular country, even though such programs may be in the best interest of the people of that country.

The Endowment was created as an agent of democratic change. Progress to date has confirmed the wisdom of Congress in funding a private, non-governmental program to nurture democratic development. I strongly believe that these efforts could not have been and could not in the future be conducted directly by government agencies.

I wish that I could have stopped on the note I have just sounded. However, some have questioned the need for travel. A trip that I took to attend an international conference on cooperation among chambers of commerce in developed and developing countries held in Stockholm was a subject of discussion in both houses of Congress. The attendees were drawn from the Third World. This trip and others like it represented the most cost-effective means of reaching those needing support. In fact, I found that people were more willing to speak out in an international forum than they would have been in their own countries. I would encourage this Committee to assist this program by making some public recognition of the fact that, in order for an organization working with foreign counterparts to function responsibly, foreign travel is an appropriate and responsible use of taxpayers' money. To ensure that such travel is not misused, CIPE has developed a travel policy, a copy of which is contained in Appendix 2.

FUTURE PLANS

I would like to sketch for the Committee some of our plans for future programs that we believe deserve support. First, CIPE will expand its training efforts by taking the Chamber's Institute program overseas. This expansion will enable us to reach the largest number of individuals at the least cost.

Projections call for courses in North Africa and South Asia in 1986. These are in addition to the Latin American course planned for this calendar year.

As I mentioned previously, our Latin American programs focus on support for business advocacy. CIPE plans to conduct additional programs in private enterprise education over the next year to counter the growing Marxist tendencies in the schools and universities of the region. We also plan to enlarge our support for deregulation and open markets to promote economic freedom for individual entrepreneurs. In this respect, we plan to encourage business communities throughout the region to look at the Peruvian model as a means of encouraging the growth of a stable middle class committed to democratic principles.

In Africa, CIPE will continue to build on the success of our entrepreneurship conference. We have requests to guide the development of independent business organizations in several African countries where none have existed. As an Africanist, I believe that this is one of the most encouraging developments seen in recent years. Over time, an independent private sector can provide new leadership so desperately needed in the young African nations.

Asia represents one of the most fertile areas for CIPE programs. As I mentioned, we plan to hold one of our training courses in South Asia next year. Additionally, our Chairman will be going to the People's Republic of China to continue conversations with members of the All China Federation of Industry and

Trade. The Chamber hopes to help strengthen the private sector in the People's Republic of China. In this way, we will foster the growth of pluralism.

Mr. Chairman and members of the Committee, let me conclude by saying that the National Endowment for Democracy and CIPE have justified the vision you and the Administration shared in creating a new approach to democratic development. I believe we have earned your continued support.

CIPE

1984
ANNUAL REPORT

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

National Chamber Foundation
U.S. Chamber of Commerce

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

ANNUAL REPORT

NOVEMBER 1, 1984

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

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MESSAGE FROM THE CHAIRMAN

I accepted the invitation of United States Chamber of Commerce President, Richard Lesher, to chair the Center for International Private Enterprise's Executive Council with a great deal of excitement. This initiative evolved from President Reagan's historic Westminster speech of 1982. Strong bipartisan support emerged for the proposal through the Congressional leadership of Representative Dante Fascell and Senator Charles Percy and provided a national mandate for the President's vision of private sector initiatives.

I would be remiss not to mention the contributions made by other Members of the House and Senate as the National Endowment for Democracy completes its first year of operations. In particular, Senators Orrin Hatch, Arlen Specter and Christopher Dodd along with Representatives Neal Smith, George O'Brien, and Ben Gilman have worked to ensure that the Endowment and the Center for International Private Enterprise will continue to serve the national interest in meeting the needs of the supporters of freedom around the world.

I am proud to submit this Annual Report of the Center for International Private Enterprise. Our first year has demonstrated that the private sector is fulfilling the vision that President Reagan presented to the world.

Edward Donley
Chairman

EXECUTIVE DIRECTOR'S REPORT

I have long advocated a more active role for the private sector in encouraging democratic institutions abroad and am pleased to report that the Center for International Private Enterprise (CIPE) had a successful first year.

The Executive Council and CIPE's staff began developing programs knowing that, our work for the most part, is a long-term process. Developing institutions takes time, and the initial programs were designed as the foundation for future year activities. Accordingly, CIPE funded programs that:

- Advocate open market, private enterprise systems.
- Serve as models for replication in other countries.
- Build a network of key resource people for program expansion.
- Generate multiplier effects through private enterprise education and communication programs.

In addition, CIPE staff began the process of strengthening international business organizations and encouraging such bodies to adopt complementary programs.

The reaction has been encouraging. Chambers of Commerce and other business associations abroad have embraced the CIPE concept with enthusiasm. CIPE is emerging as a focal point for private enterprise solutions to public policy issues.

This report presents the results of CIPE's first year programs. However, the most significant accomplishment is the positive message that we support people and institutions abroad sharing our appreciation of the principles of private enterprise and democratic pluralism.

Michael A. Samuels
Executive Director

BACKGROUND

The Center for International Private Enterprise (CIPE) was established in June 1983 as part of the National Chamber Foundation, an affiliate of the United States Chamber of Commerce.

The Chamber's decision to create CIPE was part of a national bipartisan effort to design a private sector program to support democratic development. The decision was not made lightly. Michael A. Samuels, the Chamber's Vice President, International, served on the study group that recommended creation of the National Endowment for Democracy (NED) to the President and Congress. CIPE was established to coordinate the involvement of American business.

The National Chamber Foundation (NCF) was chosen as the site for CIPE in recognition of NCF's long history of public policy advocacy and proven ability to integrate diverse elements of the business community into cohesive structures. Since its formation in 1967, NCF has engaged in a broad array of activities to support policies important to business ranging from a national transportation policy to the recently completed strategy for Hispanic business development.

NCF also offered the advantage of immediate access to the U.S. Chamber network. The Chamber's membership includes more than 180,000 companies, 52 American Chambers of Commerce abroad, and several thousand other organizations such as local and state chambers of commerce and trade and professional associations.

An Executive Council, composed of representatives of major U.S. private business organizations, corporations, small businesses, chambers of commerce, academic institutions, foundations, and other international business experts, assists in the development of CIPE's programs. The list of Executive Council members is on page 28. The Executive Council draws its authority from NCF's Board of Directors and is the coordinating body for American business participation.

The U.S. Chamber's ongoing programs and staff resources also provide important assets to CIPE. For example, the Institutes for Organization Management run by the Chamber are the training ground for local chamber and trade association executives. Currently in its 64th year of operation, the Institute is the longest running continuing adult education program in the country. During the first year of operation, CIPE sponsored the attendance of 26 foreign association executives at Institute programs.

The Chamber's pioneering efforts in communications provide another resource for CIPE's assistance to business organizations abroad. The BizNet closed-circuit network is capable of reaching into virtually every community in the United States as well as most major world cities. Since its beginning in 1981, BizNet has produced 88 videoconferences. The closed-circuit network can be tailored to achieve the specific needs of any program. The expertise in state-of-the-art business communications will be made available to foreign business associations through CIPE in future years.

Statement of Objectives

CIPE's overall goals are to:

Foster the development of open market, private enterprise systems and encourage the growth of independent business institutions as a means of encouraging the development of democratic pluralism abroad.

Both goals are essential. Democratic societies are best sustained by open market, private enterprise systems. Dynamic and independent business organizations are needed to support them. These key institutions should participate in the policy process and can have a positive influence on central governments.

CIPE will accomplish its goals by pursuing a number of discrete objectives in individual countries and through international organizations. These objectives, as adopted by CIPE's Executive Council, are:

- Assist business communities abroad to strengthen their organizational capabilities.
- Develop leadership training for association executives and their voluntary leadership to strengthen business institutions abroad.
- Encourage development of active business participation in democratic political processes.
- Develop communication programs and educational materials for youths, employees, women's groups, academics, government officials, political leaders, and other audiences to encourage entrepreneurship and support for private enterprise as essential elements of democratic societies.
- Encourage local chambers of commerce in the United States to develop international exchange programs.
- Support efforts to increase the effectiveness of international business organizations.
- Create networks of business leaders and institutions across national boundaries to strengthen the international private enterprise system.
- Establish an international research clearinghouse on the programs and effectiveness of business organizations and the concept of democratic pluralism.

These objectives will require a long-term effort and a variety of program approaches. In pursuing them, CIPE will adhere to the following operating guidelines:

- CIPE will fund and conduct programs of broad benefit to business communities and nations.
- CIPE will not fund or operate programs that give any firm or industry a competitive advantage in any country.
- CIPE will engage in training programs designed to support business involvement in the legislative and political processes but will not fund or otherwise support candidates or campaigns for political office.
- CIPE will fund or otherwise provide support for American organizations in their efforts to assist counterpart business organizations abroad but will not provide support for establishment of new American groups to implement CIPE programs.
- CIPE will generally request that organizations receiving funds provide matching funds from their own sources or from other grant-making bodies.
- CIPE will give priority to funding organizations that have the potential to develop self-sustaining programs within a reasonable period.
- CIPE will encourage development of programs that can become models or building blocks for future efforts.
- CIPE will give priority to programs and projects that contain an explicit advocacy component.
- CIPE will provide funds and support for foreign private sector organizations but will not fund governments or governmental organizations.
- CIPE will not support programs that have been or could be funded normally by existing public sources.

The next section of the report provides additional information on the types of activities that will be pursued under each objective in the context of demonstrating the relationship between CIPE's objectives and the legislative mandate provided to NED.

RELATIONSHIP TO NED LEGISLATIVE PURPOSES

CIPE's objectives were drawn directly from the language in the National Endowment for Democracy Act [P.L. 98-164, Section 502(a)]. The Act emphasizes the importance of strengthening democratic institutions, including business institutions, in order to encourage the evolution of pluralistic societies. The general methods described in the NED Act include sponsoring training programs, promoting exchanges, and strengthening democratic electoral processes.

CIPE's first objective is directed at the need to help strengthen the sense of community among business sectors abroad. Many systems are oligarchic in nature, and small-business owners or aspiring entrepreneurs have a different role from the larger firms operating in the nation. Further, many countries with relatively more open market systems still do not effectively integrate smaller firms or firms operating outside of the major cities into the business community. In both cases, broad participation in the political process is frustrated. Increased integration of business owners, especially the smaller firms, is needed.

CIPE's second objective is leadership training. Better leadership is needed to improve the effectiveness of business institutions abroad. Management of voluntary business associations requires a unique set of skills, including motivation of volunteers, effective management of committees, long-range planning, membership development, policy formation, and community relations. These skills are often missing or in short supply in nations lacking a democratic tradition. Strengthening the effectiveness of the voluntary business institutions will assist in developing a leadership group skilled in democratic processes and techniques.

The third objective, encouraging business participation in political processes, is a direct mandate from the NED Act. Political participation, however, must be seen in terms of the entire policy formation process including legislative action, public policy debate, executive branch relations, the election process, and other facets of democratic life. Most business organizations, including some in the existing democracies, tend to avoid the political process. Rather, individual business owners tend to make their arrangements with political and governmental officials on a one-to-one basis. In nondemocratic nations, the opportunities for participation are limited. CIPE can best fulfill the NED mandate by avoiding direct involvement in overseas political processes. CIPE's role is limited to responding to requests for assistance.

The fourth objective, developing communication programs and educational materials is basic. CIPE cannot assist those in other societies who share our values unless we communicate effectively. Some business communities abroad already support educational improvements and routinely engage in a variety of communication efforts. Key factors are communications training and developing educational materials.

The fifth objective is to encourage local chambers of commerce in the United States to develop international twinning programs. Institutional leaders in the business, labor, cooperative, academic or other private sector areas can have a great impact on their counterparts abroad. The role of local chambers in this context is to carry the message that business organizations have a responsibility to their members, their communities, and their countries. The message will be delivered by example, not by lecture, in the context of exchanging ideas about the most effective techniques for organization management and development.

The sixth objective, increasing the effectiveness of international business organizations, can have immediate benefits. Two organizations have indicated substantial interest in CIPE. These are the International Organization of Employers (IOE) and the International Chamber of Commerce (ICC). Both have membership bases in the industrialized world and in developing countries. Other regional and international groups will cooperate.

CIPE's seventh objective, creating networks of business leaders, is directly related to the goal of strengthening the international private enterprise system and building a network of organizations committed to the principles of democratic pluralism.

Currently, there is wide gulf between the leadership of business groups even in neighboring countries. In Latin America, business organizations are more likely to be in touch with those in the United States than they are with their counterparts in the region. Network building is important to communications efforts. In much of the developing world, the statist and communist opinion leaders hold sway simply because advocates of a democratic alternative are not aware of the support available in their own countries or within the region. CIPE's efforts will serve to put individuals sharing our values in touch with each other and, thereby, create a viable platform for business advocacy.

The final objective, sponsoring an international research clearinghouse, will play a major role in supporting the entire range of activities described previously. Although there is a great deal of information available in the United States and elsewhere on various aspects of the role of business in democratic development, few of these materials are disseminated in a coherent fashion. Additionally, a great deal of research work needs to be done on the status, organizational capability, and specific needs of business organizations. CIPE will collect and analyze information about public attitudes and business leaders' views toward private enterprise, pluralism, democratic development, and other topics related to CIPE's goals and objectives.

PROJECT ACTIVITIES AND RESULTS

Project Development

The Center for International Private Enterprise (CIPE) received [illegible]5 project proposals requesting more than $7 million during FY 1984. Additional proposals are being prepared by other institutions.

Some proposals evolved from contacts between CIPE staff and specific organizations. Others were submitted in response to CIPE's information brochure and Proposal Guidelines and Selection Criteria. The Proposal Guidelines were designed to provide potential applicants with a detailed description of the CIPE program, specific information on proposal content and format, and an explanation of the criteria used to evaluate proposals.

At the end of September 1984, 83.5 percent of CIPE's program budget had been assigned to specific projects. At that time, proposals that would use the remaining 16.5 percent of the program budget were being reviewed. It is expected that these funds will be assigned by December 31, 1984, the end of CIPE's program cycle.

An unexpected bonus from the project development process has been CIPE's ability to introduce organizations with similar interests. For example, through CIPE, a grantee, the Instituto Libertad y Democracia met the Equity Policy Center. The opportunity to share experiences and results was stimulating for individuals in both organizations, and the now-established linkage should increase their effectiveness.

The Grant Process

The grant process is central to CIPE's operation. In this first year of program activity, systems for proposal review, project monitoring, and grant evaluation were developed.

CIPE staff and expert consultants review program proposals using the rigorous criteria enumerated in the Proposal Guidelines and Criteria.

Proposals are also considered in light of general program priorities and regional strategies developed by CIPE's regional directors. The Grants Administrator and Program Coordinator oversee the review process with the Executive Director and regional program directors. CIPE's Program Committee reviews the final staff evaluation and recommendations.

Provisions for monitoring the progress of grant activities are built into the project budget and the terms of individual grant agreements. These provisions include regular progress reports, any special reports needed for specific projects, and staff site visits when necessary.

Final evaluation by CIPE staff is based on the grantee's final report, as well as financial and progress reports, on-site evaluations, and third party audits, required of all recipients of major CIPE grants. Final reports, and in some instances case studies, describing any special features, achievements, and/or problems encountered in implementation will be kept on file and available for future reference.

Resource Identification

CIPE has given priority during FY 1984 to the identification of the various material, human, and organizational resources already available. The material side of this task has been addressed principally through the CIPE Clearinghouse/Research program; the human and organizational aspects have been addressed through staff contact with U.S., foreign, and international bodies.

Coordination with Other Funding Agencies

Part of the evaluation process is coordinating with other funding agencies. The U.S. Agency for International Development, the U.S. Information Agency, the Department of State, the Small Business Administration, the International Chamber of Commerce, the German political foundations, and many other organizations support programs that are parallel or complementary to those of CIPE. CIPE does not want to duplicate work being performed by other institutions and its staff actively seeks to enhance its activities through coordinated program development to the greatest extent possible.

Project Activities and Results

The 14 projects supported by CIPE during FY 1984 are listed below:

1. Title: U.S. Chamber of Commerce Center for Leadership Development

A) Project: Institutes for Organization Management

Private, voluntary business institutions have little political and economic impact unless they are effective organizations. CIPE funded an Institute for Organization Management program during the summer of 1984. The Institutes are based on a program that has been run for 64 years by the U.S. Chamber's Center for Leadership Development (CLD) for American state and local chambers and associations. The CIPE-funded program builds on the one-week CLD program of intensive course work at a major university campus, and is taught by a mix of prominent university faculty and business executives. Special discussion sessions were scheduled for this part of the program during which participants could discuss the adaptability of new concepts to their home environments. In addition to the course work, CIPE-funded participants were brought to Washington for a week-long program of visits to local business organizations, discussions with the Small Business Administration, and briefings on communications, public relations, political action programs, and public policy development.

Result: The NED grant made it possible to provide scholarships to cover transportation and tuition costs for 26 participants from developing countries. Two additional participants attended the program at their organizations' expense. Participants and their organizational affiliations are listed below:

Rezaul Karim Khan
Metropolitan Chamber of Commerce
and Industry -- Dacca, Bangladesh

Mohammed J.U. Chowdury
Chittagong Chamber of Commerce
and Industry--Chittagong,
Bangladesh

Mohammed Fazlur Rahman Bhuiyan
Federation of Bangladesh Chambers
of Commerce and Industry

Leonard Ferris
Costa Rica Chamber of Commerce

Ismail Osman
Arab Contractors Co.
Egypt

Jennifer A. Killam
Grenada Chamber of Commerce and
Industry

B. R. Sabade
Mahratta Chamber of Commerce
and Industries

Wesley B. Van Riel
Jamaica Manufacturers Association

Anthony Borg-Cardona
Chamber of Commerce--Malta

Abdul Subhan
Federation of Pakistan Chamber
of Commerce and Industry

Quintin Salas Doromal
Philippine Chamber of Commerce
and Industry

Tan Peng Boo
Singapore National Employers
Federation

Josep Trias Sayols
Fomento de Trabajo Nacional (Spain)

Carmena Baird
Trinidad & Tobago Chamber of
Industry and Commerce

Arni Walters
Barbados Employers Confederation

Dr. Josefina A. Espaillat N.
Asociacion Interamericana de Hombres
de Empresa, Inc.

Dimitrios L. Hadjimichalis
Athens Chamber of Commerce

Venkat Rao
Federation of Andhra Pradesh
Chambers of Commerce and
Industry--India

Harisn Tandon
Indo-American Chamber of Commerce
North India Council

Hubert Ratsiandavana
Federation of Chambers of
Commerce and Industry --
Madagascar

Harihar Subedi
Federation of Nepalese Chambers
of Commerce and Industry

Xian Heng
All-China Federation of Commerce
and Industry (PRC)

Richard Skerrit
St. Kitts-St. Nevis Chamber of
Commerce and Industry

Pedro Bugallal
Confedercion Espagnole des
Organizaciones
Empresariales

Pairote Gesmankit
Association of Thai Industries

Betty Russell
Caribbean Association of Industry
and Commerce

Other participants were:
Campos De Moya
Gulf & Western Corporation
Dominican Republic

Sonia Reyes Noyola
Honduran-American Chamber of
Commerce

As anticipated, the program generated follow-on programs by the participants' organizations. To date, nearly 30 percent of the participants have submitted or indicated their intention to submit proposals.

Mr. De Moya of the Dominican Republic, who attended the program as an interested and active member of his local business community, has formed an independent organization to represent business interests in the city of La Romana, Dominican Republic. Previously, only the official government chamber of commerce existed in that area. The new organization will be involved in the CIPE-funded program in the Dominican Republic managed by the Greater Newark Chamber of Commerce.

During the first year in which foreign participants were involved in the Institute program, they were asked to suggest improvements. Their comments will be the basis for adjustments to future programs.

B) Project: Translation of Monographs on Management

There is little teaching material on modern management practices for private, voluntary organizations outside the English language. In order to build a library of such materials and make them available for broad distribution, translations of a number of basic monographs are in process. These monographs will be used in courses to be taught in Latin America and Spain.

Result: The monographs are near completion and a number of individuals from business organizations in Latin America and Spain have requested them for education programs.

C) Project: Software Development for Small-Business Organization Management

Many small-business organizations (membership less than 500) can increase productivity and effectiveness by using small computers. However, user friendly software does not exist for this purpose. CLD is developing a package in Spanish, to be used in a pilot project in Latin America. If this project is successful, the software will be translated into other languages.

Result: Software development is under way and is expected to be completed around December 31, 1984. Preliminary contacts have been made with several computer manufacturers to arrange for donated hardware for the pilot project.

2. Title: Management and Technical Assistance

Project: In many developing countries, a sense of common interest in a business community has not yet developed. Larger businesses tend to be active in business associations, but the small-business sector tends not to be involved. A program to foster the growth of a comprehensive business community and related institutions is needed.

Specific management and technical assistance projects will be developed with the participants at summer institutes, and with other business organizations in the developing world. Examples of the types of projects to be implemented under FY 1984 funding include assistance to business groups in the following areas:

- Membership relations -- organizing the large and small business sectors.
- Policy analysis -- economic analysis of business-labor relations, regulatory or legal reform, productivity, and the like.
- Business-government relations -- assistance in improving the communication between business and elected officials.
- Public Affairs programs -- assistance in developing civic action, community relations, community development, and other programs related to business in society.

Result: By the end of the fiscal year, one grant had been made to the International Organization of Employers to cover costs of a meeting of representatives of employers' organizations of Central America and the Dominican Republic. The grant will enable the group to discuss the objectives of employers organizations and draft a program of work.

A number of other proposals had preliminary approval.

3. Title: Clearinghouse Research

Project: Little is known about the status of voluntary business associations, their needs, and their contributions to fostering democratic development and economic growth. Additionally, information about the role of private enterprise, especially small business, in generating long-term growth and new job formation in developing countries should be collated and made available on a more systematic basis.

CIPE-sponsored regional surveys are designed to assess the status of the business communities and the network of private business organizations (chambers of commerce, trade associations, research organizations, etc.) in select countries in each region. Additionally, CIPE staff will begin a process of collecting, analyzing, and eventually publishing information on voluntary business organizations, the open market concept, the relationship of private enterprise to democracy, and related topics. The following list represents some Clearinghouse operations:

- A data base on voluntary business organizations;
- Research studies are being collected and annotated on state-of-the art democratic development and development of open market systems;
- Public opinion polls and studies related to attitudes toward business are being collected and compiled to track attitudinal trends on subjects such as the role of business in society, the international economic system, and business-government relations;
- Program descriptions and case studies are being compiled on programs run by CIPE, international organizations, business federations in OECD countries, and in the Third World to serve as a means of exchanging success stories, motivating increased efforts, and developing new program approaches.

Result: The first regional survey covered key countries in East and Southeast Asia and was near completion at the end of the fiscal year. Contracts are in process for the surveys of Central America, the Caribbean, and South America; preliminary negotiations are proceeding for surveys of Africa and the Middle East. In addition, lists of member organizations of the International Chamber of Commerce and the International Organization of Employers have been added to the CIPE data base.

4. Title: Club D'Afrique Colloquium on Private Initiative in Africa

Project: Despite growing interest in Africa about the role the private sector can play in economic development, many countries in Africa have been pursuing economic policies indicating little understanding of the private enterprise system. In order to examine the constraints to entrepreneurship in African countries and discuss ways to overcome them, the Club d'Afrique, based in Lome, Togo, proposed a pan-African colloquium in which these issues can be addressed.

The objectives of the program are to:

- support the exchange of information on the private sector role on a pan-African level;
- promote private sector involvement in matters of economic development;
- provide a forum for the development of private sector approaches to economic policy issues;
- create an expanded body of individuals and ideas consistent with CIPE's program goals.

Result: The colloquium will take place November 5-8, 1984, in Lome, Togo. To date, CIPE has taken an active role in the development of the conference program, the formulation of a list of participants, and coordination with other funding sources of the conference, notably the World Bank. CIPE placed certain conditions on the awarding of the grant in order to ensure responsible administration of the conference and proper levels of financial control. A program consultant spent one week in Togo in September, working through details of program content and structure.

CIPE will publish the proceedings of the conference on behalf of the Club d'Afrique.

5. Title: EMPRESA

Project: The EMPRESA (Enterprise) program was developed by the U.S. Chamber, together with the Association of American Chambers of Commerce in Latin America (AACCLA), and the Fund for Multinational Management Education. The program provides an introduction to the private enterprise system for Spanish-speaking individuals.

To date, EMPRESA has been used in employee programs and in adult community education programs. This project expands this effort by supporting the introduction of the material to schools in Latin America, working through appropriate local business groups in cooperation with the American chambers in Latin America.

The objectives of the program are to:

- provide students with an introduction to business and economics;
- enlarge the participation of local business people in the education process;
- stimulate increased entrepreneurship through appreciation for the role of business in a democratic society.

Result: As a result of participation in the Institute program, the Costa Rica Chamber of Commerce has put forth a proposal to implement EMPRESA in that country through 14 regional chambers of commerce. Further details on the administration and budget of the project are required before a gran agreement is executed.

Preliminary discussions have taken place with COPARMEX, the leading independent business association in Mexico, on implementation of the program. EMPRESA programs also have been placed in a number of other countries, including Colombia and Chile, for evaluation and program development.

6. Title: Wingspread Conferences

Project: In order to explore the role of business in democratic development, CIPE will sponsor a series of conferences in cooperation with the Johnson Foundation/Wingspread Conference Center.

The Wingspread Conferences will be attended by a cross section of Americans from the business, academic, and political communities and representatives from Europe, Latin America, Asia, and Africa. CIPE will publish the conference results and distribute the findings widely. The meetings would be used to explore important topics in the international business arena, from the perspective of both the industrial world and the developing world. Particular attention will be paid to the process, opportunities, and constraints on the involvement of business in support of democratic political processes.

Result: Preliminary discussions have taken place with representatives of the Johnson Foundation, and the themes of the sessions have been explored. Draft agendas have been developed for a domestic and an international conference.

7. Title: International Organization Coordination

Project: Cooperative relationships with international business organizations are a CIPE priority. They provide a forum for meetings of business organizations' representatives. This also provides an opportunity for business organizations to be involved in issues resolution at a multinational level, and another avenue for cooperative efforts with members in developing countries.

The purpose of this program is to develop contacts with various international organizations actively involved in developing country programs and to develop joint programs to provide training and exchange programs to business organizations.

Result: Under this program, CIPE staff members have participated in meetings and met with officials of the following organizations:

- Caribbean Employers Confederation
- International Organization of Employers
- International Chamber of Commerce
- International Labor Office
- International Bureau of Chambers of Commerce
- Curacao Chamber of Commerce
- Caribbean Association of Industry and Commerce
- Konrad Adenauer Stiftung.
- Freidrich Naumann Stiftung
- Freidrich Ebert Stiftung
- Conseil National du Patronat Francais

Consequently, CIPE established extensive contacts with national organizations, the result of which has been a number of proposals and increased coordination with organizations active in programs simiiar to CIPE's.

Several of the meetings were attended by CIPE Executive Council members, whose organizatons or companies supported the costs of their participation.

8. Title: The Informal Sector in Peru -- Integration and Deregulation

Project: The Instituto Libertad y Democracia (ILD) has carried out extensive research on the informal sector in Peru. The major conclusion drawn is that a large part of the Peruvian economy operates outside the legal framework, not because of a desire to avoid the law, but because access to the economic system is blocked by layers of regulations. The ILD has entered into an agreement with the Peruvian government to carry out additional research and to write a new legislative framework for economic activity in Peru that will afford freedom of access to a fair legal system that will not discriminate against those who have had to resort to the informal sector.

The CIPE grant will support the efforts of the ILD to carry out further research and to present its recommendations for policy reform to the national, state, and municipal levels of government in Peru.

Anticipated Result: It is expected that the efforts of the ILD will result in significant deregulation in Peru, and the recognition of the informal sector as a legitimate and vital part of economic life.

The National Endowment for Democracy approved the program on September 14, 1984; the grant will be effective as of November 1, 1984.

9. Title: Development, Growth and the Private Sector in Latin America: A New Approach

Project: The Fund for Multinational Management Education (FMME) will conduct a workshop in Mexico City to bring together individuals seeking ways in which the private sector can become an active participant in the political processes of policy formulation. The program will draw heavily on the research of the Instituto Libertad y Democracia in Peru and will look at the informal sector as a vehicle for policy change.

Anticipated Result: It is expected that this project will explore in depth the ways in which business organizations can become active players in the policy process, and will establish the base of a network of key individuals and organizations committed to the expansion of the private enterprise system.

The National Endowment for Democracy approved the program on September 14, 1984; the grant will be effective as of October 1984.

10. Title: Academic and Intellectual Defense of the Role of Free Enterprise in Mexico

Project: The Centro de Estudios en Economia y Educacion (CEEE) will establish four new programs under this grant:

- improve media appreciation of the market process and the costs of government intervention by conducting a series of seminars for journalists;
- enhance public support for free market policies by providing editorials about current economic issues to the nations's 25 leading newspapers;
- support the publication of the works of scholars and authors who share and defend the principles of a market economy;
- improve CEEE research and publishing capabilities.

Anticipated Result: This program should result in a series of conferences for Mexican journalists on the private enterprise system, the publication of editorials about the advantages of private enterprise in major Mexican newspapers, and the acquisition and dissemination of materials supportive of democratic systems and free market economic policies.

The National Endowment for Democracy approved the program on September 14, 1984; the grant will be effective as of November 1984.

11. Title: Private Enterprise and the Spanish Education System in the Year 2000

Project: Since the end of the Franco Era, little has been done to reform the Spanish education system and the way in which private enterprise is presented in schools. The Instituto de Estudios Economicos (IEE) will carry out research to analyze the current status of the Spanish education system. Needed reforms will be outlined and used by the business community to develop a balanced educational system in which private enterprise is seen as a positive and essential force for growth and development.

Anticipated Result: The objective of this program is to undertake a comprehensive study of the present education system in Spain and formulate recommendations for its reform.

The National Endowment for Democracy approved the program on September 14, 1984; the grant will be effective as of November 1984.

12. Title: Private Enterprise and University Curriculum Development: Part I -- Latin America and the Caribbean

Project: This feasibility study will be the first step in a larger, global program of defining developing country attitudes toward private enterprise. Subsequently, curriculum to support private enterprise will be designed.

Anticipated Result: Materials on the status of education systems in Latin America are being assembled, and preliminary discussions have taken place with the Foundation Francisco Marroquin and other organizations to negotiate their participation in the study.

The National Endowment for Democracy approved the program on September 14, 1984; the grant will become active upon conclusion of negotiations with potential survey organizations.

13. Title: Small Chamber Outreach Program in the Dominican Republic

Project: The Greater Newark Chamber of Commerce is "twinned" to the chambers of the Dominican Republic. Based on this ongoing relationship, a program has been developed to assist the chambers of commerce outside the two major cities of the Dominican Republic to strengthen their organizational capabilities, emphasize the relationship between business associations and political development, develop chamber training programs, and establish an exchange program between the Newark chamber and the Dominican chambers.

Anticipated Result: It is expected that the program will impact on the management capability of the organizations involved, and that the Dominican chambers of commerce will become more active in policy matters in their communities. At the time of this report, a coordinator for the Dominican part of the program has been hired, and programs are being completed.

The National Endowment for Democracy approved the program on September 14, 1984; the grant will be effective as of October 1984.

14. Title: Research and Publication Dissemination

Project: Support for private enterprise and its role in democratic societies cannot develop in a vacuum. This program was designed to create and distribute publications supporting private enterprise and its institutions. A newsletter containing information about CIPE activities and programs, reports on research findings and methodology relating to private enterprise development, business advocacy, and information on publications relating to private enterprise development will be published. The project also provides for initial work on a quarterly journal, the first issue of which is anticipated for 1986.

Anticipated Result: Research has been done to establish costs involved in the publication of the newsletter and to identify sources of material for inclusion. Other materials are being identified and translated for dissemination. A network of institutions around the world interested in the dissemination of material supportive of the private enterprise system will be established.

FINANCIAL REPORT

SUMMARY OF FY 1984 NED GRANT FUNDS

Program	$1,367,521
Administrative	332,479
TOTAL	$1,700,000

PROGRAM FUNDS

	Allocation
1) Institutes for Organization Management	$ 206,000
2) Management & Technical Assistance	221,000
3) Clearinghouse	196,800
4) Club d'Afrique	110,000
5) Empresa	50,500
6) Wingspread	82,600
7) International Organization Coordination	11,900
8) Instituto Libertad y Democracia	120,000
9) Fund for Multinational Management Education	110,000
10) Centro de Estudios en Economia y Educacion	33,000
11) Instituto de Estudios Economicos	52,500
12) Private Enterprise & University Curriculum Development	30,500
13) Greater Newark Chamber of Commerce Twinning Program	110,460
14) Research & Publication Dissemination	32,261
TOTAL PROGRAM FUNDS	$1,367,521

ADMINISTRATIVE FUNDS

	Allocation
Salaries & Benefits	$211,658
Space & Utilities	51,595
Supplies & Equipment	17,200
Communication & Postage	12,200
Travel & Per Diem	900
Consultants Fees & Expenses	12,000
Contractual Expenses	26,926
TOTAL	$332,479

EXECUTIVE COUNCIL

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Chairman
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P.O. Box 538
Allentown, Pennsylvania 18105

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Vice President, International
U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, D.C. 20062

MEMBERS:

Joseph F. Alibrandi
President and CEO
Whittaker Corporation
10880 Wilshire Blvd.
Los Angeles, California 90024

Stanton Anderson*
Anderson, Hibey, Nauheim
and Blair
1708 New Hampshire Ave.,N.W.
Washington, D.C. 20009

Dr. Richard G. Arellano*
U.S. Embassy Mexico
P.O. Box 3087
Laredo, Texas 78044

Roy Ash
President
Ash Capital Corporation
1900 Avenue of the Stars, #1600
Los Angeles, California 90067

Samuel Beard
President
The National Development Council
618 Market Street
Wilmington, Delaware 19801

Mari Ann Blatch*
Vice President
Consumer and Government Affairs
The Reader's Digest
Association, Inc.
200 Park Avenue
New York, New York 10166

Richard Breault
Group Vice President, Policy
U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, D.C. 20062

Dick Clark
Senior Fellow
Aspen Institute for Humanistic
Studies
1523 New Hampshire Avenue, N.W.
3rd Floor
Washington, D.C. 20036

Clyde Cole
President
Metropolitan Tulsa Chamber
of Commerce
616 South Boston
Tulsa, Oklahoma 74119

Fernando de Baca
President
Del Bac Corporation
1750 Pennsylvania Ave., N.W.
Washington, D.C. 20006

Oliver H. Delchamps, Jr.
Chairman of the Board
Delchamps, Inc.
P.O. Box 1668
Mobile, Alabama 36633

George M. Ferris, Jr.*
Chief Executive Officer
Ferris and Company, Inc.
1720 I Street, N.W.
Washington, D.C. 20006

Penelope Hartland-Thunberg
Scholl Chair of International
Economics
Center for Strategic and
International Studies
Georgetown University
1800 K Street, N.W.
Suite 400
Washington, D.C. 20006

Jesse Hill
President
Atlanta Life Insurance Company
100 Auburn Ave., N.E.
Atlanta, Georgia 30303

Thomas Horton
President
American Management Association
135 West 50th Street
New York, New York 10020

E. Douglas Kenna
Partner
G. L. Ohrstrom Co.
540 Madison Avenue
New York, New York 10022

Robert H. Krieble
Chairman and Chief Executive
Officer
Loctite Corporation
705 North Mountain Road
Newington, Connecticut 06111

Jewel Lafontant
Senior Partner
Vedder, Price, Kaufman
and Kammholz
115 South LaSalle Street
Chicago, Illinois 60603

Delano Lewis
Vice President
Chesapeake & Potomac
Telephone Company
2055 L Street, N.W.
Washington, D.C. 20036

James Lloyd
Consultant
P.O. Box 943
West Covina, California 91790

Paul W. MacAvoy
Dean
Graduate School of Management
University of Rochester
Rochester, New York 14627

Vernon L. Moore
Senior Vice President,
Corporate Services
Land O'Lakes, Inc.
P.O. Box 116
Minneapolis, Minnesota 55440

Jiro Murase
Wender, Murase & White
400 Park Avenue
New York, New York 10022

David D. Newsom
Associate Dean
School of Foreign Service
Georgetown University
Washington, D.C 20057

Michael Novak
American Enterprise Institute
for Public Policy Research
1150 17th Street, N.W.
Washington, D.C. 20036

Milan F. Ondrus
Vice President and Regional
Corporate Director FMC Europe
527 avenue Louise, bte 1
B-1050 Brussels, Belgium

C. L. "Butch" Otter
President
Simplot International, Inc.
P.O. Box 27
Boise, Idaho 83707

Charles J. Pilliod, Jr.
Director
Goodyear Tire and Rubber Co.
1144 East Market Street
Akron, Ohio 44316

John T. Plunkett
Director
Transmisiones y Equipos
Mecanicos, S.A. de C.V.
Varsovia 44, 3rd Floor
06600 Mexico, D.F., Mexico

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Chairman of the Board
and President
Union Carbide Southern Africa, Inc.
Old Ridgebury Road
Danbury, Connecticut 06817

Jack Riehm
Senior Vice President, Administration
and Secretary and Assistant to the
President
Thomas J. Lipton, Inc.
800 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Rodman C. Rockefeller
Chairman
P.D.A.I.
610 5th Avenue
Room 316
New York, New York 10020

James Rooney
Managing Director
J.P. Rooney and Associates, Ltd.
518/3 Ploenchit Road
Panunee Building
Bangkok, Thailand

Kenneth Rush*
Chairman of the Board
The Atlantic Council of the
United States
1616 H Street, N.W.
Washington, D.C. 20006

Charles H. Smith, Jr.*
Chairman of the Board
SIFCO Industries, Inc.
970 East 64th Street
Cleveland, Ohio 44103

Frank E. Smith
President
Greater Detroit Chamber of Commerce
150 Michigan Avenue
Detroit, Michigan 48226

Richard G. Schoon
President
Newark Chamber of Commerce
50 Park Place
Suite 700
Newark, New Jersey 07102

Senator Hugh Scott
Scott, Harrison, & McLeod
2501 M Street, N.W.
Suite 400
Washington, D.C. 20037

John Toll
President
Wilson Elkins Building
University of Maryland
Adelphi, Maryland 20783

Phil N. Truluck*
Executive Vice President
The Heritage Foundation
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Abelardo Valdez*
Partner
Finley, Kumble & Wagner
1120 Connecticut Avenue., N.W.
10th Floor
Washington, D.C. 20036

Jay Van Andel
Chairman of the Board
Amway Corporation
7575 E. Fulton Street
Ada, Michigan 49355

Julia M. Walsh
Julia M. Walsh, Inc.
1050 Connecticut Avenue, N.W.
Suite 410
Washington, D.C. 20036

OBSERVER

Paxton T. Dunn
Executive Director
U.S. Council for International
Business
1212 Avenue of the Americas
New York, New York 10036

* Executive Committee Member
2/12/85

Center for
International
Private
Enterprise

1511 K Street, N.W
Suite 334
Washington, D.C.
20005
(202) 463-5901

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

1984 FOURTH QUARTER REPORT

to the

NATIONAL ENDOWMENT FOR DEMOCRACY

February 12, 1985

Grant Number 84-4A-02.0

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INTRODUCTION

The Center for International Private Enterprise is a division of the National Chamber Foundation, an affiliate of the U.S. Chamber of Commerce. CIPE's overall goals are to foster the development of open market, private enterprise systems and encourage the growth of independent business institutions as a means of encouraging the development of democratic pluralism abroad.

This 1984 fourth quarter report includes a summary of each of the major programs contained in grant number 84-4A-02.0 from the National Endowment for Democracy and a report on the activity of each program during this quarter. The report is organized into five Sections: major programs supported by project grants from CIPE, Management and Technical Assistance grants, CIPE-administered programs, an administrative report and a financial report. There are several annexes to the report which provide additional detail on specific sections.

CIPE PROGRAM GRANTS
by Region

LATIN AMERICAN/CARIBBEAN

1. Grantee: Instituto Libertad y Democracia (ILD), Lima, Peru

   Program: The Informal Sector in Peru - Integration and Deregulation

   The Instituto Libertad y Democracia (ILD) has carried out extensive research on the informal sector in Peru. Among the major conclusions is that a large part of the Peruvian economy operates outside the available legal framework, not because of a desire to avoid the law, but because access to the economic system is blocked by layers of regulation. Under this grant, the ILD will formulate public policy recommendations with a view to revising current Peruvian legal regulation through elimination of existing codes, and will carry out an ongoing program of cooperation with Peruvian national, municipal, and local government officials for the purpose of disseminating and implementing ILD's policy recommendations.

   The first issue addressed by ILD under its CIPE-funded program was the Peruvian government's excessive use of administrative decrees rather than parliamentary processes in making rules and regulations. Based on ILD evidence, the Peruvian government has agreed to curtail the use of administrative rule-making and adopt a new format that will allow for more popular participation.

   Informal economies result from a complex environment in which traditional oligarchic business communities on the one hand, and governments on the other hand, effectively monopolize economic and political rights, denying these to a large segment of the population. This economically vital, but legally disenfranchised group often represents individual initiative and private enterprise in a nearly pure sense, but has been forced to retreat to an informal sector where their livelihood and existence is constantly under threat.

   The project goal is to change the present situation in Peru, opening the way for greater involvement in political processes and protection of economic rights. The situation addressed by this program is not unique and methodology and experience gained through this effort can serve as a model in other countries.

   Grant Amount: $120,000

   Grant period: October 1, 1984-September 30, 1985

2. Grantee: Fund for Multinational Management Education (FMME)
New York, New York

Program: Development, Growth and the Private Sector in Latin America: A New Approach

FMME is organizing a conference in Mexico City that will bring together individuals committed to exploring ways in which the business community can become an active participant in the political processes of policy formulation in an effort to promote open, democratic, private sector-based approaches to development and growth. The program will draw heavily on the research of the Instituto Libertad y Democracia in Peru and will look at the informal sector as a vehicle for policy change.

A detailed outline of the program has been drafted and contacts have been made with individuals and organizations concerning their participation and contribution to the conference.

The research and policy implementation program undertaken by the ILD and other organizations will have broad impact only if made public. This program will establish a network of like-minded individuals and organizations in the hemisphere who are seeking private enterprise solutions to public policy issues.

Grant Amount: $110,000

Grant period: October 1, 1984-July 31, 1985

3. Grantee: Centro de Estudios en Economia y Educacion, A.C. (CEEE)
Monterrey, Mexico

Program: Academic and Intellectual Defense of the Role of Free Enterprise in Mexico

This project was conceived to foster a public forum to promote the potential role of private enterprise in the economic development of Mexico. To achieve this goal, CEEE has developed the following three part strategy:

- improve media appreciation of the market process and the costs of government interventionism by conducting a series of seminars for journalists;
- enhance public support for free market policies by providing editorials about current economic issues to the nations's 25 leading newspapers;
- improve CEEE research and publishing capabilities.

Dates, faculty, and subjects of the seminars have been submitted; the editorial program began in January 1985.

Private enterprise is often misunderstood and misrepresented by the press. To counter this situation in Mexico, CEEE has designed an education/opinion dissemination program that advocates private enterprise as an essential element in democratic societies.

Grant Amount: $33,000

Grant period: December 1, 1984-December 1, 1985

4. Grantee: Greater Newark Chamber of Commerce, Newark, New Jersey

Program: Small Chamber Outreach Program in the Dominican Republic

The Greater Newark Chamber of Commerce is twinned to the chambers of the Dominican Republic. Based on this ongoing relationship, a program has been developed that will assist the chambers of commerce outside the two major cities of the Dominican Republic to strengthen their organizational capabilities, emphasize the relationship between business associations and political development, develop chamber training programs, and establish an exchange program.

The planning and organization assessment portions of the program have begun; a coordinator has been hired in the Dominican Republic; committees have been formed in each of the participating Dominican chambers; one of the chambers involved was recently formed by a participant in the CIPE-funded Institutes for Organization Managment.

One of the roles of local U.S. chambers is to carry the message that business organizations have a responsibility to their members, their communities, and their countries. Through this twinning program, this message will be delivered by example, not by lecture, in the context of exchanging ideas about the most effective techniques for organization management and development. The goal is to build stronger chambers of commerce in the Dominican Republic that are committed to a more active role in the community and the public policy processes.

Grant Amount: $110,460

Grant period: September 1, 1984-August 31, 1985

5. Program: EMPRESA

EMPRESA (Enterprise) is a Spanish-language education program that teaches the basics of private enterprise, focusing on the role of enterprise in society and how aspiring entrepreneurs can start their own businesses. The program was developed by the U.S. Chamber together with the Association of American Chambers of Commerce in Latin America (AACCLA), and the Fund for Multinational Management Education. EMPRESA has been used successfully in employee and adult education programs; the CIPE program expands this effort by supporting the introduction of the program to schools in Latin America, working through appropriate local business groups in cooperation with the American chambers in the region.

Interest in the program has been expressed by organizations in several countries. The first program grant will be awarded to COPARMEX, the leading independent business association in Mexico, which presented a program that will introduce the course into the government-supported vocational schools.

Copies of the program have been distributed to numerous Latin American business organizations and their comments have been solicited. A study has been commissioned to evaluate the effectiveness of the program in areas where it has been run, and to recommend other education programs that will complement EMPRESA.

Education is central to the understanding of the private enterprise system. This program addresses specifically the role of the individual in the creation of business and the economic opportunity afforded to individuals under the private enterprise system.

Amount Available: $50,500

AFRICA

6. Grantee: Club d'Afrique - Lome, Togo

Program: International Colloquium on "Growth, Equity, and Self-Reliance: Private Enterprise in Africa - the Challenge of the Eighties"

The Club d'Afrique organized a four-day program, during which working groups identified solutions to the problems that face private enterprise development in Africa, and proposed ways in which the private sector can be more directly involved in the formulation of policies that affect private initiative. The colloquium was held on November 5-8, 1984 and was attended by nearly 200 participants representing businesses, business organizations, universities, African governments, international organizations, and aid donors.

CIPE's grant was made contingent on fulfillment of certain conditions; a final decision on the grant was made following discussions in Togo by the CIPE program consultant during the week of September 10, 1984. CIPE will edit and publish on behalf of the Club d'Afrique a book based on the colloquium proceedings.

This program provided a unique opportunity for a cross-section of decision makers to explore the role of private enterprise and individual initiative in economic and social growth in Africa, and formulate specific policy recommendations that could be carried by participants to their governments or organizations. The publication that will result from the colloquium is intended to serve as a stimulus to a continuing public debate on the role of private enterprise. This forum gave participants a first opportunity to form a network that is committed to the support of private enterprise as the essential vehicle for growth in Africa. The program also strengthened the Club d'Afrique as a pan-African forum, and afforded participating CIPE representatives the opportunity to establish direct contact with African counterpart organizations.

Grant Amount: $60,000
Allocated for Publication: $40,000

Grant period: June 1, 1984-December 31, 1984

EUROPE

7. Grantee: Instituto de Estudios Economicos, Madrid, Spain

Program: Private Enterprise and the Spanish Education System in the Year 2000

Since the end of the Franco era, little has been done to reform the Spanish education system, and, in particular, the way in which private enterprise is presented in schools. The Instituto de Estudios Economicos (IEE) will carry out research to analyze the current status of the Spanish education system. Based on this analysis, reforms will be outlined that will be used by the business community in their efforts to develop a balanced educational system in which private enterprise is seen to be a positive and essential force for growth and development.

An understanding of the role of private enterprise in promoting economic growth and an appreciation of the contribution of the business community in democratic societies begins with an understanding of the principles of private enterprise. The objective of this program is to explore ways of integrating those principles into the Spanish education system.

Grant Amount: $52,500

Grant period: December 1, 1984-December 31, 1985

MANAGEMENT AND TECHNICAL ASSISTANCE GRANTS

Through this program, limited support is available to provide assistance that meets specific organizational needs. Projects may include, but are not limited to, membership development, policy analysis, business-government relations, public affairs programs, communications, organizational planning and development, education, and small business development.

Applicants submitting management and technical assistance requests may either propose a qualified consultant, or request CIPE to identify an appropriate individual or organization.

This category of CIPE funding is intended to enhance the capabilities of indigenous voluntary business organizations and other groups working to support private enterprise. Such organizations play an essential role in fostering pluralism and, as representatives of business, are the most effective voice in support of the principles of private enterprise.

To date two grants have been made under this program:

* International Organization of Employers (IOE) - to cover costs of a meeting of representatives of employers organizations of Central America and the Dominican Republic. These organizations have been exploring the possibility of forming a regional group. This grant enabled them to discuss in detail the objectives and possible program of work of such a regional grouping.

Grant Amount: $15,640

Grant Period: September 1, 1984 - November 30, 1984

* Pan American Development Foundation (PADF) - to support a pilot project with the National Development Foundation in Nicaragua to establish a Private Enterprise Research Center that will survey, assess and publicize the problems of small and micro-businesses. The project will provide economic analyses of present conditions under which the private sector operates in that country and will make recommendations for the liberalization of policy toward the formal and informal business sectors.

Grant Amount: $45,000

Grant period: October 15, 1984 - March 15, 1985

CIPE PROGRAMS

1. Institutes for Organization Management

This program is run in conjunction with the Center for Leadership Development of the U.S. Chamber of Commerce. The program has three components:

- * Institutes for Organization Management - an intensive training course in effective chamber and association management for staff executives from business organizations around the world.

  As reported in CIPE's FY 1984 Annual Report, 26 representatives of business organizations from around the world attended the three summer institutes. Overall response was very positive and a number of proposals for follow-on programs have developed. During the final quarter of 1984, CIPE's agreement with CLD was extended through February 15, 1985, to allow two additional participants from the Caribbean to attend the January institute in Norman, Oklahoma.

- * Spanish language software development - a project to produce a chamber management program for use with personal computers, intended to be placed in a number of pilot locations in developing countries.

  The Spanish language software development has been delayed and the completion date rescheduled for June, 1985.

- * Management monograph program - translation of materials into Spanish for use by Latin American and Spanish business organizations.

  Translation of five monographs into Spanish has been completed. These monographs will be used at the first regional institute in Costa Rica, and in a new program in Spain based on the Institutes' format, both scheduled for 1985. Distribution of the monographs to business organizations in Spanish-speaking countries has begun.

The Institutes, through courses and materials development, offers leadership training to key individuals and groups and provides them with an introduction to new concepts of management, and exposure to methods of developing internal and external relations that will improve the effectiveness of business organizations and their ability to participate constructively in the policy process. This program is designed to build strong and effective business organizations that are better able to advocate the principles of private enterprise.

Amount: $206,000

Period: June 1, 1984-February 15, 1985

2. Clearinghouse

Clearinghouse is an ongoing research program designed to develop and collect information on the status of voluntary business organizations worldwide and on the present and potential role of private enterprise in developing countries. The information gathered will be used to guide CIPE's development and assessment of regional strategies and future programs.

A key component in the Clearinghouse project is a series of surveys of the status of business communities and the network of private business organizations (chambers of commerce, trade associations, research organizations etc.) in each region. The first completed survey covered East and Southeast Asia. During the last quarter of 1984 final negotiations were made for surveys of Central and South America. Work on these surveys is scheduled to begin in January 1985. An additional survey of the English-speaking Caribbean is also being planned. The creation of a general data base has progressed as scheduled.

This program provides essential information on the status and needs of business organizations throughout the world, and the nature of the relationship between the market process and democratic systems, and business involvement in democratic development. This information will better enable CIPE to make policy and program decisions based on a thorough understanding of the various conditions existing in the regions of the world.

Amount: $196,800

Period: Ongoing

3. Research and Publication Dissemination

Support for private enterprise and its role in democratic societies cannot develop in a vacuum. This program was designed to create and distribute publications supportive of private enterprise and its institutions. A newsletter is being considered that will contain information on CIPE activities and programs, reports on research findings and methodology relating to private enterprise development, business advocacy, and information on publications relating to private enterprise development. The program also provides for preparatory work on a quarterly journal, the first issue of which is anticipated for 1986.

A first group of publications has been selected for translation and distribution; preliminary research on the technical requirements and costs related to the publication of a newsletter has been conducted. No final decision has been made to begin publication.

Amount: $32,261

Period: October 1, 1984-August 31, 1985

4. International Organization Coordination

The objectives of this program are:

- To develop cooperative relationships with international business organizations for the regular exchange of ideas and information;
- To encourage and support the efforts of international programs that support the private enterprise system and complement or parallel CIPE's objectives;
- To strengthen international business organizations by promoting the active participation of their members in policy processes, and the advocacy of business positions in international fora.

The business advocacy and network building projects involve major policy presentations before national, regional, and/or international organizations, and program coordination and development.

During the last quarter of 1984, CIPE staff members participated in the Annual Meetings of the Caribbean Association of Industry and Commerce and Caribbean/Central American Action at the invitation of those organizations.

Amount: $11,900

Period: April 1, 1984-December 31, 1984

5. Wingspread Conferences

These conferences will be designed to give CIPE the occasion to explore the constraints and opportunities involved in supporting the involvement of business in fostering democratic political development abroad. Participants would include a cross-section of American and foreign leaders from the business, political, and academic communities.

The conferences are in the planning stage. A final schedule will be set pending the results of the surveys and development of a data base for the discussions.

Amount: $82,600

Period: Open

6. Private Enterprise and University Curriculum Development:
Part I - Latin America and the Caribbean

This feasibility study will be the first step in a larger, global program of defining developing country attitudes toward private enterprise and the subsequent design of curriculum development activities that will support private enterprise.

Several organizations in Latin America have been considered as partners in conducting this study. However, no final decisions have been made at this point.

Amount: $30,500

Period: Open

ADMINISTRATIVE REPORT

During this last quarter of 1984, CIPE added to its staff Regional Directors and assistants for Latin America, the Middle East, and Eastern Europe, with a Regional Director for Asia scheduled to begin in January. This additional staffing was achieved primarily through an innovative shared staff arrangement with the U.S. Chamber of Commerce. The Chamber arranged to free up sufficient time of key personnel in the International Division to meet CIPE's staffing requirements in these areas.

As a result of this agreement CIPE will realize broad regional coverage by an experienced and highly qualified staff in a tremendously cost effective manner. Up to this point, these same individuals had donated their time to CIPE on an ad hoc basis. Under this new arrangement, the Chamber's regional directors and assistants will devote a prearranged percentage of their time to CIPE. This percentage is based on present and anticipated work loads generated by each region.

CIPE's sub-Saharan Africa activities are presently covered by a consultancy arrangement. We plan to develop a permanent staffing plan for Africa after the results of the conference in Togo are finalized and a survey of the continent has been completed.

In order to coordinate the efforts of our expanded staff and to ensure a smooth and efficient operation, a procedures manual has been developed. This is a working document that will be further refined as we gain additional experience in international programming.

FINANCIAL REPORT
SUMMARY OF FY 1984 NED GRANT FUNDS
THROUGH 12/31/84

Total Received from NED	$ 759,499
Total Disbursed by CIPE	743,826
Balance Carried into 1985	$ 15,673

PROGRAM FUNDS

	Allocation	Disbursed	Balance
PROGRAM GRANTS			
1) Instituto Libertad y Democracia	$ 120,000	$ 49,000	$ 71,000
2) Fund for Multinational Management Education	110,000	47,428	62,572
3) Centro de Estudios en Economia y Educacion	33,000	4,332	28,668
4) Greater Newark Chamber of Commerce Twinning Program	110,460	43,471	66,989
5) Empresa	50,500	-0-	50,500
6) Club d'Afrique	110,000	72,851	37,149
7) Instituto de Estudios Economicos	52,500	4,333	48,167
MANAGEMENT & TECHNICAL ASSISTANCE			
Management & Technical Assistance	221,000	48,764	172,236
CIPE PROGRAMS			
1) Institutes for Organization Management	206,000	121,938	84,062
2) Clearinghouse	196,800	40,162	156,136
3) Research & Publication Dissemination	32,261	-0-	32,261
4) International Organization Coordination	11,900	11,411	489
8) Wingspread	82,600	-0-	82,600
9) Private Enterprise & University Curriculum Development	30,500	-0-	30,500
TOTAL PROGRAM FUNDS	$1,367,521	$ 443,690	$923,831

ADMINISTRATIVE FUNDS

	Allocation	Disbursed	Balance
Salaries & Benefits	$211,658	$201,272	$ 10,386
Space & Utilities	51,595	51,926	(331)
Supplies & Equipment	17,200	12,695	4,505
Communication & Postage	12,200	6,978	5,222
Travel & Per Diem	900	682	218
Consultants Fees & Expenses	12,000	10,418	1,582
Contractual Expenses	26,926	16,165	10,761
TOTAL	$332,479	$300,136	32,343

CIPE ADMINISTRATIVE POLICY

*** Foreign Travel ***

This paper sets forth CIPE policy on foreign travel by staff members. International travel is essential to CIPE's operation for a number of reasons. These include: developing programs; monitoring and evaluating applicants and grantees; providing management and technical assistance; and representing CIPE at key international meetings and conferences. Foreign travel also provides firsthand knowledge of country conditions in regions of CIPE activity and helps maintain the visibility and credibility necessary for an effective, global operation.

All foreign travel must be conducted under existing CIPE funding categories that have been approved by NED and incorporated into the NED grant agreement. Each trip must be approved in advance by CIPE's Executive Director and comply with travel procedures and restrictions enumerated in the CIPE procedures manual. Efforts will be made to economize on travel costs. To minimize the number of individual trips, most travel will be for combined purposes. Executive Council Members have been asked to inform CIPE of their international travel plans and their ability to include CIPE business in their itinerary.

Foreign travel will generally be for the purposes described below. Trips for other purposes must be justified in writing prior to approval.

Monitoring and Evaluation

CIPE does not take its responsibility for managing grant funds lightly. In order to make well-informed funding decisions and to maintain proper control over our grant funds, it is often necessary to make site visits before, during, and after grant activity. Without a field staff, thoughtfully planned and well-timed visits are an essential adjunct to our system of monitoring and evaluating through written reports.

Before funds are committed, CIPE must be reasonably confident of the success of its projects. Proposals for vital, well formulated, and timely projects sometimes raise questions concerning methodology and organizational capabilities that cannot be resolved through long distance communication. When the project is important, solutions must be pursued, often through on-site visits. Such visits often not only provide the information required to make a final decision, but assist the grantee in devising better approaches to the project and methods of overcoming problems.

During the course of a grant, problems may develop or questions may arise concerning the direction of the project. There may also be critical checkpoints where it is necessary to schedule visits to monitor progress. Staff travel will be utilized when it is determined to be the best method of ensuring that CIPE's interests are properly represented, funds are adequately controlled, and goals are met. Again, such visits can both evaluate and guide the grantee.

Follow-up visits will be required for many of CIPE's major projects. They may also be necessary when regularly required final financial, descriptive and audited reports and efforts through standard communication channels have failed to resolve questions concerning grant performance. Such questions may involve fulfillment of grant conditions, and use and accounting of grant funds.

Management and Technical Assistance

A major category of CIPE funding is Management and Technical Assistance. Through this program, CIPE provides expert consultation to business associations with specific organizational needs. Many of the consultants involved in this program are Chamber of Commerce staff members who travel to locations throughout the world to share with grantees the benefits of their expertise. This program of on-site consultation, which is designed to enhance the capabilities of foreign business organizations and their ability to promote the principles of private enterprise, is a key component of CIPE's overall objectives.

Program Development

Developing an effective worldwide program to foster private enterprise and encourage the growth of independent business organizations requires a vast network of contacts. CIPE's strategy for building this network includes close association with participants in the Institutes for Organization Management, broad distribution of published information, and expansion of the Regional Directors' contacts that have been developed through their other responsibilities. However, our effort to build an international presence must not ignore the importance of on-site personal interaction with individuals and groups who are grappling with the issues and conflicts targeted in CIPE's objectives. Whether projects are in Africa, Asia, Europe or Latin America, their long-term viability often depends on the strength of personal relationships, nurtured from the outset.

Delivered on a personal level, the CIPE message has a powerful impact on many individuals and groups who feel they are alone in their beliefs, facing tremendous opposition. The knowledge that there is a group that shares and supports the same ideals instills the confidence to pursue ideas and initiate projects and solutions based on principles that would otherwise remain untried.

CIPE not only responds to unsolicited proposals but works to generate projects in regions of the world where CIPE support can have the greatest impact. This requires a periodic presence in the region to discuss and encourage possible projects with key individuals and groups. It also demands an understanding, best achieved through firsthand observation, of the dynamics of each target region.

CIPE Representation

Among international and regional organizations with purposes similar to CIPE's, there is an ongoing schedule of meetings and conferences. It is important that staff attend the most critical of these gatherings to represent CIPE philosphy, participate in ongoing dialogues germane to CIPE's operation, and cooperate, whenever appropriate, with efforts of organizations that share CIPE's goals.

There are also numerous meetings of recipients or potential recipients of CIPE support. Judicious attendance at these meetings is an effective method of developing new projects, coordinating efforts within regions, disseminating program results that may be used as models, generating interest in the principles of private enterprise as a vehicle for economic growth, and enhancing CIPE's visability as an international source of support.

The CHAIRMAN. Thank you very much, Mr. Gershman. We will proceed now with questions.

My first question is in regard to the budget that is being requested. Let me ask the full question so that you can phrase your answer accordingly. If the full $31.3 million were appropriated to you, how would you spend it? What proportion would go to the labor institutes, the Chamber of Commerce, to American political party institutes? If the committee authorized last year's figure of $18.5 million, what proportion would go to each of these?

Mr. GERSHMAN. Well, Mr. Chairman, as I indicated in my statement, were we funded at the full amount our Board has already determined that it would budget $13.8 million for the Free Trade Union Institute, and $5.5 million for the Center for International Private Enterprise.

We have made budget allocations based upon the categories that are contained in our statement of principles and objectives—the category of pluralism, which includes the Free Trade Union Institute and the Center for International Private Enterprise, as well as the category of democratic governance and political processes, a broad category which includes the activities of the two political party institutes but also other activities of a nonpartisan nature.

Additional categories include education, culture and communications; research, and international cooperation. We have specified the levels of funding in our budget submission for each of these categories. We have not made any specific determinations as yet on the budget levels for particular grantees. That would have to await the receipt of qualified grant proposals from potential grantees and a determination by the board of directors.

The CHAIRMAN. Well, how does this add up to the $31.3 million? This is the gist of my first question. If you receive $31.3 million, give me some figures that add up to that amount of money.

Mr. GERSHMAN. Mr. Chairman, our budget submission is based upon five different figures for the five separate program categories, the first one being pluralism, which is the largest since it contains the two major grantees—the Free Trade Union Institute and the Center for International Private Enterprise.

The exact figure for pluralism is $20.3 million.

The CHAIRMAN. Would that be equally divided between the private enterprise group and the labor group?

Mr. GERSHMAN. No. As I have indicated, the Free Trade Union Institute would be allocated $13.8 million, which is the same as that authorized in the original legislation.

The CHAIRMAN. I see.

Mr. GERSHMAN. The Center for International Private Enterprise would be allocated $5.5 million, which is an increase over the amount in the original authorizing legislation because they were only getting started and the assumption was that the earmarked institutes would equalize over time.

Other activities in that category include civic organizations of the kind I mentioned earlier in Argentina and Chile.

The second category is democratic governance and political processes, for which $5,950,000 is allocated. There are no specific determinations now as to how that money would be distributed within that category, though it is clear that an important part of that money would be allocated to the two institutes associated with the political parties. There are also other activities in that category, such as the kind I have referred to that we have sponsored in Guatemala for a nonpartisan political institute.

The third category is education, culture and communications, for which we have allocated $2,550,000.

The fourth category is research and scholarly cooperation, for which the Board has budgeted $400,000.

And the fifth category is international cooperation, which includes certain programs which bring together different groups to work together for democracy; that is $300,000.

Then we have an administrative figure of $1.8 million, and the total comes to $31.3 million.

The **Chairman**. Very good.

In the event that only $18.5 million were to be authorized, what changes would you have to make and what would be your choices then?

Mr. **Gershman**. Well, Mr. Chairman, this is a matter which our Board would have to take up in light of the situation should it come. We have dealt with the situation before, and our Board would have to make adjustments. This is what we did before, and we would wish that the legislation would make clear, as it did not before, that the Board can make those kinds of adjustments.

The **Chairman**. Just as a general question—it is the obvious one that will be raised by our colleagues—why should $12.8 million of additional money be authorized this year beyond the authorization of last year.

Mr. **Gershman**. Well, Mr. Chairman, I have about five pages in my written testimony on this which I think I will spare you, unless you really want to hear it.

The **Chairman**. No. You have given good reasons on things that you are doing, but now I want you to try to reason with us. We are going to be faced with difficulties in each of the categories. We had the larger State Department authorization yesterday, today we are dealing with the broadcasting functions and the National Endowment, and the Budget Committee has taken a position, essentially that we ought to be freezing our activities. With the State Department they have not even worked in annualization of the security measures that were added last year.

Somehow we have to resolve that. The Budget Committee takes a look at all of these categories as part of one package, fairly or not, and in this situation, for whatever reason, your request is up 69 percent. Would your rationale be that you were just getting underway and had not quite got to full speed or that you really wanted this and were cut back and you are trying to get back to the original program?

If you were arguing this on the floor of the Senate with Senators who are very skeptical and have all kinds of programs in their committees that they believe are very worthy, what would you say?

Mr. **Gershman**. Thank you, Mr. Chairman. Obviously the main part of the answer is that we have been in a startup period now for 10½ months. Many of the programs which we have funded are exploratory programs which will generate proposals for much larger programs later on.

We funded one exploratory program which was to look into the question of what kind of program we could develop to significantly affect pluralism within closed societies. We have a group going to Africa to look into the question of training journalists and how to develop a program there, because we had two very large proposals from groups in Africa and we were not prepared to respond to either until we had more information.

We have a group working to develop a youth education program in democratic values in the eastern Caribbean and many other programs like that which are of an exploratory nature—a program for the development of a women's program in Uruguay, again exploratory.

We are in a startup phase now. The Center for International Private Enterprise has also been in a startup phase. The Free Trade Union Institute had a full ongoing program already, and so we are asking for no more than what was contained in the original authorizing legislation for the Free Trade Union Institute.

I wish to emphasize also, Mr. Chairman, that while we are, in fact, requesting an increase over what was contained in the appropriations for 1984 and 1985, it is the same figure as that authorized for 1984 and 1985.

In addition, we hope, as I have indicated very strongly, that the political parties will be included once again in our work and again eligible for funding from the endowment. That, too, would be a budget category which would be an increase over what we have had in fiscal year 1985.

Mr. Chairman, I would also emphasize that our work has been concentrated, we think, too much in Latin America. Our mandate is global, of course, and we have begun to develop programs in Africa. We have a great deal to do in Asia, where we have virtually nothing going on right now, as well as Eastern Europe and the Soviet Union.

With all that said, we are in a very limited startup mode right now, and in that light the increase that is requested is very reasonable. We regret that we come along as a new organization right in the middle of budgetary stringency. This is our problem, but at the same time we are moving prudently responsibly. We are laying the foundation for a sound program and we think that in order to fulfill the mandate that has been put upon us we need this increase.

The CHAIRMAN. What provisions have you made for evaluation of your programs? How would you know if you were successful?

Mr. GERSHMAN. Well, one of the main provisions we have is that we are funding programs now through responsible U.S. private sector organizations. They have an important role to play in the evaluation process. Of course, we too have an important role to play, but we require of all of our grantees quarterly reports and an annual report.

We hope to have the opportunity to visit programs to make onsite evaluations. We also have many other sources of information, including, frankly, reports from other private groups in these countries, sometimes U.S. Embassy reports on how grantees are faring, and so forth.

We put all that information together and try to come up with a serious evaluation.

Mr. **Richardson**. I might just add, Mr. Chairman, that it is no vague idea of promoting democracy that we are trying to pursue. It is a much more concrete idea. We are talking about developing institutions, strengthening institutions, strengthening leadership groups, strengthening training. These are measurable kinds of activities which can over time be evaluated in terms of achievement.

The **Chairman**. I would state editorially that I am pleased with the reports that you have submitted and with the illustrations of your activity which I think are indeed significant. I am sympathetic, obviously, to the work that you are doing.

I want to ask you to wait for just a moment. Senator Pell is going to return and he has a statement and perhaps a question or two for you. So if you would wait for just a moment, we will then proceed.

Mr. **Richardson**. We would be delighted to.

Mr. **Gershman**. Thank you, Senator.

[Pause.]

The **Chairman**. Senator Pell.

Senator **Pell**. Thank you very much, Mr. Chairman. I am very glad indeed to welcome an old friend, John Richardson. I look forward to perusing your testimony with care.

I would like to read into the record a statement from Mr. Eagleton, the Senator from Missouri, where he says to Chairman Lugar that "one time I had some reservations about the wisdom of the endowment for democracy, particularly the two party institutes which were contemplated to receive funding from the endowment. I must say from what I have learned about the National Democratic Institute for International Affairs I am convinced that it is doing serious and responsible work strengthening democratic institutions outside the United States."

Thank you very much, Mr. Chairman.

The **Chairman**. Thank you very much, Senator Pell.

Gentlemen, we appreciate very much your staying with us beyond 1 o'clock today. Your testimony was excellent. Senator Pell will insert another statement for the record.

Senator **Pell**. I would like to insert a statement by J. Brian Atwood, executive director of the National Democratic Institute for International Affairs into the record.

[Mr. Atwood's prepared statement follows:]

Statement of J. Brian Atwood

Executive Director,
National Democratic Institute for
International Affairs

before the Senate Foreign Relations Committee

March 29, 1985

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS

Mr. Chairman, I welcome the opportunity to testify before this distinguished committee in support of the National Endowment for Democracy and the party institutes.

In the last session of Congress, action was taken to prohibit the two party institutes from receiving grant assistance from the Endowment. Opponents of the party institutes raised a number of charges, many of which I am sure will be repeated in this year's debate.

Some Senators expressed serious and legitimate concerns about American parties meddling in the free elections of other democratic states. Others believed that the party institutes would sponsor events whose sole purpose was to entertain American party officials; that the parties were not capable of serious pursuits in the international field.

These charges were made a year ago, before either of the party institutes were in business. They addressed the question of the party institutes only in the abstract, raising fears and portraying a worst-case scenario.

This year, these questions will no doubt be raised again, but this year the party institutes are no longer an abstraction. Policies and procedures have been adopted and projects are underway. This year Senators can see for themselves whether these institutes have an important role to play in strengthening democratic institutions beyond our borders. I believe we do.

This year the issue is not whether the party institutes, if funded, will use the money for foolish or frivolous initiatives. This year the issue is whether Congress wants to stop the institutes from doing serious and constructive work in the democratic development field. This year the issue will be whether our country wants to turn its back on individuals who are willing to risk their lives to strengthen democracy and who have asked the party institutes for help.

Mr. Chairman, the opponents of funding the party institutes would have the Senate believe that the institutes are arms of the Democratic and Republican National Committees. They would have you believe that we are involved in partisan, political activity. This is not only patently wrong; if it were true, we would be engaged in unlawful activity.

It is important to understand what the so-called "party institutes" are in legal terms. We are indeed affiliated with our two American parties, but not formally and certainly not legally. The perception of affiliation is created through the membership of our respective boards, not in any legal association. NDI Board members are well-known and respected Democrats, people like our Chairman Charles Manatt, Senator Pat Moynihan, Congressman Mervyn Dymally, and former Secretary of State Cyrus Vance.

This affiliation is vitally important in giving our Institute credibility and legitimacy overseas. Many foreign political parties want to work with the Democratic Party of the United States in the common pursuit of democratic principles.

Nevertheless, our legal status for domestic purposes is important to underscore in answering the charges that it is wrong to make partisan organizations eligible for government funds. In fact, both "party" institutes have established themselves as non-partisan, educational organizations under section 501c(3) of the Internal Revenue Service Code. As such, we are legally prohibited from engaging in partisan activity and we cannot and do not receive funding support from any partisan organization, including the Democratic or Republican National Committees.

It is also important to note that the party institutes are staffed by professionals who are trained in the intricacies of foreign affairs and committed to democratic principles. We view the opportunity to assist democratic institutions and advance pluralistic values as a unique and important one. Therefore, the party institutes have been established with the legal structure and professional requirements necessary to ensure that the work of democratic development will be responsibly achieved.

The question of why the party institutes should engage in this work also needs to be clarified. Because our own system is so well established, we may take for granted the role of parties in the democratic process. Political parties are pivotal institutions in any democracy, and as such, they deserve institutional support to encourage the public's participation in the political process. As non-governmental entities, the party institutes are uniquely able to undertake important programs to assist these kinds of democratic institutions overseas -- programs that the U. S. government cannot undertake, nor can any of the other institutes or organizations funded by the Endowment.

Mr. Chairman, the NDI Board has struggled with the issues raised by this relatively new field of endeavor. We have approached the requests we have received carefully, responsibly, and with great seriousness of purpose. We don't take lightly the charge that our involvement in a foreign nation might be seen as interventionism or meddling in the affairs of others. We understand the fundamental differences between our unique system of government and that of most parliamentary democracies. We have developed a set of guidelines to democratic development work that addresses these problems and differences.

Mr. Chairman, I ask that a memorandum entitled "NDI Policies and Objectives," dated February 19, 1985 and adopted at our February 28 Board meeting, be made part of the record. This statement addresses many of the concerns raised by last year's congressional debate and by our own Board.

Mr. Chairman, as this policies and objectives statement makes clear, our involvement with foreign political party organizations or other entities only occurs if we are invited to participate with them. The threshold decision is made by the foreign party. We want to be doubly sure that the foreign party has carefully weighed the political and social consequences of an involvement with our Institute.

I must also emphasize that our relationship with a foreign organization does not constitute an endorsement of that organization's policy positions. Our goal is to help strengthen the system in which democratic institutions are operating. Our decisions as to whom we will assist are not political; rather, they reflect our judgement that an institution is vital to the viability of the democratic system within which it operates.

To safeguard the integrity of our efforts, NDI will not engage in any projects specific to election activity. I strongly believe that this policy will help underscore NDI's commitment to direct its program toward enhancing and stabilizing democratic systems, not promoting candidacies or particular party platforms.

We have already received numerous requests to begin this work, Mr. Chairman. Before I describe them to you, I would like to outline the decision process to which they have been subjected. I believe we have developed a solid set of guidelines that will enable us to observe the policies and objectives I have discussed. The Institute's process of analysis includes:

-- Rigorous examination of the requesting party's significance within the political system, its historical antecedants, ideological outlook (particularly its attitude toward democratic principles) and its record of leadership.

-- Assessments of U. S. interests in and involvement with the host country, including its geo-political significance, its current state of relations with the U. S., its foreign and domestic policies, and the possible impact (long and short range) on U. S. interests the program could foreseeably create.

-- Assessment of the domestic impact the project might create, with particular consideration of the influence on NDI's credibility and effectiveness as an organization engaged in serious democratic development work.

Staff analyses would then be discussed among members of an Advisory Board comprised of individuals whose range of expertise can help NDI identify and address additional issues raised by a specific project. Project proposals which survive this process are then submitted to the full Board for approval, along with recommendations of possible funding sources (NED funds, foundation grants, corporate sponsorship, etc.)

It is my strong belief, Mr. Chairman, that this process ensures that we will observe the standards of integrity and caution our work demands. I encourage the Committee to review our statement of policies and objectives, as I am confident that it reflects the seriousness of purpose with which we will approach our task.

Our accomplishments to date reflect that we have already undertaken serious and worthwhile projects. NDI's November Consultation here in Washington hosted representatives from 18 diverse multi-party nations, establishing ties with a number of party representatives and resulting in a constructive discussion of the kinds of programs and assistance NDI could offer in the field of democratic development.

In February, 1985, the Chairmen and senior staff of both party institutes went to Venezuela, one of South America's oldest and strongest democratic nations, to meet with Venezuelan party leaders. The Venezuelan party foundations are renowned on the continent for their work in democratic development. This historic meeting was the first effort to establish joint initiatives with Venezuelan and American party institutes acting as co-sponsors, and the proposals introduced there will be followed up by a visit to Washington by the Venezuelan officials in May. The goal of this meeting is to refine and begin implementing specific initiatives which the Venezuelan and American party institutes will co-sponsor, including training workshops for younger party leaders from other Latin American nations.

In May, NDI will host a conference of party leaders from all the South American democratic states, many of which have only recently returned to democratic government after years of authoritarian control. In addition, representatives of the democratic oppositions of Paraguay and Chile have also been invited. The agenda will encourage presentations and discussions of those political and economic issues of particular concern to the democracies on the continent, including the role of the military in a democratic system, the delivery of constituent services, economic and political pressures on democratic governments, and constitutional and legal protection in democratic systems.

The group will also discuss how to assist Chile's coalition of democratic parties (the "Democratic Alliance") and the Paraguayan opposition in their quest to reinstate democratic pluralism. Participants will be asked to submit proposals for future collaborative efforts with NDI in the area of democratic institution building.

NDI has also been asked by the major parties of Brazil to assist the federal legislature in its efforts to improve the budget process for the national Congress. As Brazil redefines its governmental structure in a democratic environment, it is vitally important that elected officials understand the relationship between their fiscal decisions and economic conditions. Democracy without the appropriate legislative mechanisms will not produce popular and workable programs.

We are particularly enthusiastic about a proposal submitted to NDI by the Center for Political, Economic and Social Studies, the political party foundation for Uruguay's ruling Colorado Party. Uruguay's return to democracy, after 13 years under oppressive authoritarian rule, is another example of the movement toward democracy across the continent.

The principal objective of the proposal is to disseminate, through the press, the electronic media and various training courses, information on: a) the new constitution and civil rule; b) human rights protection and the judicial process; and c) labor unions' right to freedom of assembly and organization.

Political parties in new democracies have as much of a stake in sustaining the democratic system as they do in winning elections. The Uruguayan parties demonstrate this deep concern for democratic development.

Democracy is perceived to be at risk in many regions of the world, and yet in some locations it has been particularly tenacious. Israel in the Middle East, Costa Rica in Central America, Botswana in Southern Africa and Thailand in Asia are besieged democratic systems that have managed to withstand diverse pressures. NDI, along with the National Republican Institute, proposes to examine democracies in crisis regions to determine those factors that have sustained them and ensured their survival. A conference/study format will be used to combine practical experience with the theory of democratic development. We expect to demonstrate objectively that democracy is still a highly effective system even when a nation is experiencing great pressures. We will attempt to raise money privately for this effort.

The final conference of the United Nations Decade for Women will be held in Nairobi, Kenya in July, 1985. In conjunction with that conference, NDI will conduct a series of workshops in Kenya to explore underlying causes of limited political participation by women and offer strategies for increasing women's civic awareness and political activity. The first workshop will introduce to women the concept of civic participation and the appropriateness of their involvement. The second workshop will focus on building skills of civic participation, while the third workshop will concentrate on strategies to utilize their new skills to impact key officials and decision makers.

In July, NDI will co-sponsor with the ruling party of Senegal a conference of 35 African party leaders in Dakar, Senegal. The conference agenda will focus on political parties as instruments to promote democratic institutions and pluralism. Topics currently being developed for the agenda include: 1) the role of the party in providing constituent services; 2) party responses to economic austerity, external political pressures and natural disasters; 3) political party relationships with the military; and 4) party relationships with labor movements and unions.

NDI plans to invite all party leaders from the eleven English-speaking Caribbean nations to meet in August, 1985. Represenatatives from the following States will be invited: Antigua, Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, St. Kitts-Nevis, St. Lucia, St. Vincent, Trinidad, and Tobago. Principal topics of discussion will be the increasing alienation of youth from the political process, economic development and economic hardships, and the special needs and problems faced by mini-states. Participants will also explore future collaborative efforts with NDI in the area of democratic institution building.

This diverse program represents only a fraction of what NDI can accomplish. We have undertaken those programs which, in our first year of operation, will help introduce NDI and establish our credibility in the field of democratic development. At the same time, we are addressing many prominent issues of concern.

We are fully aware of our limitations -- political and financial -- and we have developed a program designed to accomodate our goals within a rather confined framework. It should be clear, however, that we can achieve goals in which all Americans can take pride. We can and will address issues fundamental to the success of democratic institutions.

I have sought, Mr. Chairman, to clarify the process, substance and intent of NDI's accomplishments. This Institute has a unique opportunity to respond to diverse needs, to individuals and institutions trying to overcome a complex set of pressures that inhibit the success of democratic processes. We also have the expertise, commitment, and integrity to ensure success and discourage abuse.

Mr. Chairman, I believe I have demonstrated that NDI has a well-conceived plan and a worthwhile goal. It is my belief that our objectives are in line with those of the National Endowment for Democracy, and therefore we should be permitted to seek access to Endowment funds. We are not coming to Congress for any specific earmarked funds; rather, we are asking simply to become as eligible as any other American organization to receive NED grants.

We have sought -- and will continue to seek -- program sponsorship from private sources. But I believe that as long as we implement programs that will demonstrate our commitment to democratic principles (and not, as some have charged, partisan activities) -- as long as NDI maintains its standards of conduct as I have presented them here today -- we should not be barred from seeking financial assistance from an organization whose principles and goals are so fundamentally aligned with our own.

Our grants from the Endowment have been used to provide assistance to individuals who are committed to opening the political processes in their nations, many at the risk of their own lives. These monies have not been used for partisan purposes. They have been used in the pursuit of goals all Americans can espouse.

The CHAIRMAN. Senator Orrin Hatch also has a statement he would like to be inserted, and it is ordered to be inserted.

[Senator Hatch's prepared statement follows:]

PREPARED STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR FROM UTAH

Mr. Chairman, as a member of the board of the National Endowment for Democracy, I am deeply committed to the purpose of the endowment—to promote democracy throughout the world. As I see it, there are two basic types of weapons in the world: military hardware and ideological software. Of course, a strong defense is vital to our national security. At the same, I believe the United States should be an active participant in the global competition of ideas. Although worldwide military competition attracts a great deal of attention, ultimately it is the ideological competition—the competition of ideas and values—that will determine the future history of mankind. The Soviets understand this concept all too well. According to the CIA, each year the Soviets spend at least between $3 and $4 billion on their campaign of ideological warfare aimed at breaking up the NATO alliance and destroying democracy. The Soviets would like to see the NED, which they term an "antisocialist orgy," relegated to the scrapheap of history.

Mr. Chairman, the NED has been operational for less than a year. In that short time, it has already exerted a positive influence in many countries of the world. Of course, promoting democracy is an awesome—and never-ending—task. Personally, I would like to see the endowment expand its work in the years ahead—especially in the critical area of opening up closed societies.

The endowment is a truly unique and worthwhile organization. First of all, it is bipartisan. Its board of directors includes Republicans and Democrats and representatives of business and labor. Second, the endowment is a private, nongovernmental grantmaking institution. This nongovernmental character provides the NED with the flexibility necessary for developing partnerships with foreign organizations. As you know, Mr. Chairman, there are four major private groups that receive NED grants: the AFL–CIO's Free Trade Union Institute [FTUI], the Center for International Private Enterprise (affiliated with the Chamber of Commerce), and the Republican and Democratic Party Institutes. In addition, many other small private sector institutions have applied for and received NED grants.

I have seen the excellent work of the labor institutes over the last several years, and frankly, they have carried a large share of the burden in sowing the seeds of democracy abroad. With the support of the NED, the FTUI is assisting free trade unions in many countries throughout the world, including Solidarity in Poland, the emerging black unions in South Africa, urban and rural workers in the Philippines, and democratic workers' federation's in Chile and Nicaragua.

The Center for International Private Enterprise has also exhibited a spirit of bipartisan support for promoting democracy. CIPE is a division of the National Chamber Foundation—a private, nonprofit corporation affiliated with the Chamber of Commerce. The purpose of CIPE is to foster the development of open market, private enterprise systems as a means of encouraging democratic pluralism abroad. CIPE has initiated a broad program to strengthen the role of business associations abroad as advocates with a special understanding of the relationship between an open political system and an open market economy. CIPE has, in one instance, focused particularly on strengthening business associations in Africa. Another CIPE-sponsored project involves a pioneering effort in Peru to end the exclusion from the legal system of the 60 percent of the workforce that operates in the "informal sector."

The party institutes, although very new to the program of promoting democracy, have made worthwhile contributions to the spread of democracy. For instance, the National Republican Institute for International Affairs played a small, but vital role in helping the Grenada Civic Awareness Organization mobilize voters in Grenada's recent election—the first open election in that country since 1976. The NRIIA also provides technical expertise to political groups in Guatemala and Colombia.

The National Democratic Institutes for International Affairs emphasizes joint planning, training, and exchanges with other democratic parties, especially those in the developing world. In 1985, NDIIA plans to sponsor a series of workshops on democratic development. Party leaders from developing nations will get an in-depth look at the American electoral process, including polling, canvassing, get-out-the-vote campaigns, and the electronic media.

Obviously, the endowment cannot aid all of the forces of democracy in all the countries of the world. We must be selective. I believe the NED should place a high priority on funding programs in countries where democracy is in a vey fragile condition. "Fragile" countries fall into two categories: those countries where democracy is in danger of perishing (such as in West African nations) or those countries in which democracy is just getting on its feet or back on its feet (such as Guatemala or Brazil). NED-funded programs can have a great impact in fragile countries.

At the same time, Mr. Chairman, NED should not and does not ignore Communist countries. One of the legislative purposes of the NED is to encourage the growth of democracy in a manner consistent with U.S. national interest. Clearly, it is in our national interests to water the seeds of democracy that are sprouting in Communist countries. I place a high priority on funding worthwhile programs to encourage peaceful, democratic change in Communist countries.

In addition to the four major grantees of the endowment, a number of private sector organizations have received NED funds to carry out worthwhile programs throughout the world. Let me just highlight some of my favorite NED discretionary grants for the benefit of the committee. In its first year of operation, the endowment has approved two grants for Nicaragua's only opposition newspaper, La Prensa. The most recent grant to La Prensa was $100,000. In my view, this is money well spent. After having visited the inadequately supplied office of the Nicaraguan Human Rights Commission, where they do not even have typewriters, I was very pleased that the board approved a $50,000 grant to help the Commission out.

I am also very pleased that the NED is providing funds for food, medicine, and legal fees for Polish political prisoners and the intellectual opposition in Poland, and that a $50,000 grant was approved to re-open schools in Afghanistan. (At a time when the Soviets are reportedly transporting thousands of Afghan children and teenagers to the U.S.S.R. for indoctrination, providing basic traditional education to Afghan youth is a form of resistance as well as a social necessity.)

A brief sampling of some of the endowment's discretionary grants include:

(1) Support for an independent, nonpartisan Center for Political Studies [CEDEP] in Guatemala which is promoting dialogue, electoral and constitutional reform, and helping to develop a democratic consensus in this key Central American country;

(2) Support to the National Council of Negro Women to work with women's organizations in Guinea, Botswana, Lesotho, and Swaziland. The programs will train women leaders in areas including democratic principles, organization building and constituency outreach;

(3) Support to two Russian-language journals, Time and We and Problems of Eastern Europe, thousands of copies of which have been circulated in the U.S.S.R. and Eastern Europe;

(4) Support to the Nicaraguan Coodinadora Democratica to establish a Center for Democracy in Nicaragua and carry out a program designed to encourage pluralism in that country;

(5) Support for the Fifth Sakharov Hearings at which issues of Soviet internal propaganda, emigration policies, and Soviet reactions to world public opinion will be examined;

(6) Support for a program, organized by Armando Valladares, to influence European public opinion about the human rights situation in Cuba;

(7) Support to Freedom House to strengthen contact and communication among democratic intellectuals in the Third World and Europe; and

(8) Support to the U.S. Overseas Cooperative Development Committee to establish a program of "sister coop" relationships between U.S. cooperatives and their counterparts in Chile.

Mr. Chairman, in my view these programs are an invaluable contribution to our country's effort to compete in the international battle of ideas. As President Reagan has stated, "We must work hard for democracy and freedom, and that means putting our resources, organization, sweat and dollars behind a long-term program."

Mr. Chairman, I firmly believe that that program is the National Endowment for Democracy. I am confident that the Endowment will continue to effectively carry out its mandate in the years ahead—proving that for once, liberals and conservatives and representatives of business and labor can work together for common democratic goals.

[From the Washington Times, Feb. 28, 1985]

STRATEGY TO HELP DEMOCRACY THRIVE

(By Senator Orrin G. Hatch)

Jean-François Revel has eloquently described how democracies perish. As a member of the board of the National Endowment for Democracy, I would like to focus on another question: How do democracies thrive? Do they survive simply by refraining from those actions or inactions which bring about their demise? Or are some other elusive conditions required?

The core of the problem, as Mr. Revel sees it, it is too much self-criticism. For instance, Mr. Revel has pointed out that democratic civilization is the first in history to blame itself because another power is working to destroy it.

I believe the antidote to this blame-America-first syndrome is the National Endowment for Democracy—a private, non-governmental organization whose purpose is to promote democracy abroad—with no apologies. The existence of the endowment sends a powerful signal to the world that the United States is a serious participant in the global competition of ideas.

But symbols and noble intentions are only a beginning. In order to be most effective, good intentions must be implemented by a workable strategy. NED President Carl Gershman has done an excellent job of outlining the endowment's strategy in a formal paper. As a member of the board of the endowment, I would like to offer my personal thoughts on the best strategy for nurturing democracy abroad.

NED's board of directors has outlined 21 selection criteria for determining the relative merit of a particular proposal. I believe criterion No. 3 is especially important: "[the grantee] proposes an activity which meets an especially urgent need." Obviously, the endowment cannot aid all the forces of democracy in all the countries of the world. We must be selective. I believe the NED should place a high priority on funding programs in countries where democracy is in a very fragile condition.

"Fragile" countries fall into two categories: those countries where democracy is in danger of perishing (such as West African nations) or those countries in which democracy is just getting on its feet or back on its feet (such as Guatemala or Brazil). NED-funded programs can have a great impact in fragile countries.

At the same time, the NED should not and does not ignore Communist countries. One of the legislative purposes of the NED is to encourage the growth of democracy in a manner consistent with U.S. national interests. Clearly, it is in our national interest to water the seeds of democracy that are sprouting in Communist countries. I place a high priority on funding worthwhile programs to encourage peaceful, democratic change in Communist countries.

When you examine the nitty-gritty of what constitutes a democracy, one cannot escape the fact that political parties are an essential element of any democracy. Unfortunately, the party institutes associated with the endowment were defunded by Congress last year. Frankly, I believe this is just one more manifestation of the blame-America-first syndrome.

During a recent trip to Bonn, I met with Dr. Bruno Heck of the Konrad Adenauer Foundation, who told me that party institutes and political foundations are "natural partners" in the Federal Republic of Germany.

The fledging U.S. party institutes have made worthwhile contributions to the spread of democracy. For instance, the National Republican Institute for International Affairs played a small, but vital role in helping the Granada Civic Awareness Organization mobilize voters in Grenada's recent election—the first open election in that country since 1976. The NRIIA also provides technical expertise to political groups in Guatemala and Colombia.

The National Democratic Institute for International Affairs emphasizes joint planning, training, and exchanges with other democratic parties, especially those in the developing world. In 1985, NDIIA, plans to sponsor a series of workshops on democratic development. Party leaders from developing nations will get an in-depth look at the American electoral process, including polling, canvassing, get-out-the-vote campaigns, and the electronic media.

The National Endowment for Democracy has accomplished a great deal during its first year, but much more needs to be done. So far I have not come across a definitive guidebook on how democracies thrive. (Even William Douglas, the author of *Developing Democracy,* has said no one really knows precisely what will work and what won't work.)

Nurturing democracy is a process that requires a carefully thought-out strategy, people committed to the task, and the absence of an overly critical attitude. George

Will has said that "Defense of democracy depends on pessimists who are not defeatists."

I believe that developing an *offensive* strategy for promoting democracy depends on optimists who are willing to work at it.

[From the Christian Science Monitor, May 10, 1984]

The Soviets' Powerful Political Weapon

(By Senator Orrin G. Hatch)

There are two basic types of weapons in the world: military hardware and ideological software. A strong defense is vital to our nation's security. However, I worry that while liberals and conservatives debate the nuclear balance and defense budget, another strategic issue is being overlooked: Soviet political warfare. Each year we spend billions of dollars on our military defense. But how much time, effort, and money do we devote to deterring the Soviets' ideological offensive?

The United States government estimates that Moscow is spending $3 billion to $4 billion a year on its political campaign aimed at breaking up the NATO alliance and destroying democracy. According to a new book entitled "Dezinformatsia," by Richard H. Shultz and Roy Godson, the Soviets have intensified their "active measures" campaign during the past 25 years. "Active measures" is a Soviet term to describe an array of overt and covert techniques to influence events in foreign countries. These techniques are carried out through officially recognized diplomatic channels and through covert activities such as distributing forged documents to newspaper reporters, using "agents of influence," operating international front organizations and clandestine radio networks, disseminating oral and written "disinformation," and perpetrating terrorist acts. Shultz and Godson state that the purpose of these devices is frequently "to deceive the target, and to distort the target's perceptions of reality."

It is not easy for Americans to grasp the full impact of Soviet active measures, partly because Western nations draw a sharp line between overt and covert political activities, and we follow an unwritten code of moral conduct. However, the Soviets have long-term global ambitions, and a strategy designed to achieve them. They see overt and covert propaganda techniques and military and political warfare and even truth and lies all in a continuum—regardless of whether US-Soviet relations are in a period of "détente." Brezhnev stressed that détente did not reduce the international competition between "different social systems, with differing ideologies . . . stemming from the class differences."

According to "Dezinformatsa," Soviets have five objectives in their KGB-directed "active measures" campaign: (1) to portray the US as a threat to world peace; (2) to split the Western alliances; (3) to retain the primacy of the USSR in the communist world; (4) to promote those "national-liberation movements" which are under communist control or serve their interests; and (5) to expand security in those areas under the influence of the USSR. They work toward these objectives by influencing the perceptions of Western politicians, the media, and the public on key strategic issues.

A case in point is the ongoing Soviet campaign against NATO's plan to modernize its intermediate-range nuclear forces (INF). The active-measures apparatus in Moscow and the KGB pulled out all the stops for its anti-INF blitz, designed to misrepresent U.S. military policy and weaken NATO. A succession of forged American and NATO classified documents was circulated purporting to show that the US had selfish economic motives for INF deployment and that the US was willing to sacrifice its NATO allies. In addition, Shultz and Godson write that "an authentic, unclassified US government map was misrepresented . . . so that the Pentagon could be charged with targeting Austrian cities and facilities for nuclear destruction in the event of war in Europe."

What is most alarming to me is the scope of Soviet "active measures." In Moscow alone, there are believed to be up to 15,000 Soviet personnel devoted to this task. There are about 1,300 Soviet officials in Washington, New York, and San Francisco. About 300 are known to be involved in covert political activities, and they in turn direct from one to five agents or contacts. A high percentage of Soviet "journalists," "trade officials," and "scholars" in the US are also believed to be intelligence officers.

According to Shultz and Godson's well-documented account, the Politburo's "international department" has improved its ability to respond to crises and key events.

Practice makes perfect, and US sources report that Soviet forgeries have become more authentic, their networks more efficient, and that they have gained a better understanding of the nuances of the English language. In short, the "active measures" have become an extremely effective and powerful political weapon.

How can Americans from all shades of the political spectrum cope with this type of warfare? First, by educating themselves on this often overlooked subject. And second, by taking the offensive—not by imitating Soviet political strategy, but by working to give democracy a chance to flourish in other areas of the world. That is why I am a member of the board of the National Endowment for Democracy—because I believe that human beings deserve an alternative to a totalitarian system with global ambitions. As President Reagan stated in his June 1982 speech concerning the Endowment, "the ultimate determinant in the struggle now going on for the world will not be bombs and rockets, but a test of wills and ideas, a trial of spiritual resolve: the values we hold, the beliefs we cherish, the ideals to which we are dedicated."

Sen. Orrin G. Hatch (R) of Utah is a member of the board of the National Endowment for Democracy.

[From the Tribune, Oct. 19, 1984]

COLUMNIST'S "STUPID IDEA," JUST WILL NOT DIE

(By Senator Orrin G. Hatch)

Last month the Tribune ran an article by Mary McGrory in which she sharply criticized the National Endowment for Democracy. As a member of the board of the endowment, I would like to explain why the endowment has my wholehearted support.

The purpose of the National Endowment for Democracy is to encourage the development of democracy abroad. This includes supporting independent labor unions, free elections, the free press and individual human rights.

In Mary McGrory's view, the NED reflects the attitude "that the United States has a God-given right to interfere in the internal affairs of other countries." I disagree. By definition, Democracy is a form of government which allows people to govern themselves. How can we be "interfering" when we provide support for Afghan freedom fighters? If you ask me, the Soviets are the ones who have "interfered" in Afghanistan.

I believe that nations which now enjoy the benefits of freedom have a moral obligation to offer hope for peaceful, democratic change to the millions of people in the world who are now suffering under totalitarian or authoritarian regimes.

As President Reagan has stated, "This is not cultural imperialism, it is providing the means for genuine self-determination and protection for diversity. Democracy already flourished in countries with very different cultures and historial experiences."

In my view, those who do not support the NED are being penny-wise and pound-foolish. If there had been a concerted effort to strengthen democratic development in Central America 10 or 15 years ago, perhaps we would not be worrying about how much money to provide for military support in that region today.

Although military competition attracts a great deal of attention in the press, ultimately it is the political competition—the competition of ideas and values—that will determine the future course of world history.

The Soviets understand this point quite well. According to the CIA, the Soviet Union spends at least $3 billion per year on its "disinformation" and propaganda campaign aimed at breaking up the NATO alliance and destroying democracy. Congress has funded the NED at $18.5 million for fiscal year 1985. In my view, that is a small price to pay to promote democratic development throughout the world.

Ms. McGrory's second allegation is that "it is not easy to find out about (NED's) activities" because the endowment "is exempt from the Freedom of Information Act." That statement is misleading. As a private, non-governmental organization, the National Endowment for Democracy is not subject to the provisions of the Freedom of Information Act. However, it is the intention of the NED to keep Congress and the public fully informed on all of its activities as outlined. Let me just quote from Public Law 98-164 which established the endowment:

"The Endowment and its grantees shall be subject to the appropriate oversight procedures of the Congress . . .

"Not later than Dec. 31 of each year, the Endowment shall submit an annual report . . . to the president for transmittal to the Congress. The report shall include a comprehensive and detailed report of the Endowment's operations, activities, financial condition, and accomplishments . . .

"The accounts of the Endowment shall be audited annually . . . The report of each such independent audit shall be included in the annual report . . . The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office . . ."

In addition to complying with these provisions to keep Congress informed on its activities, the NED board has adopted a resolution directing the endowment's president to implement an openness policy, ensuring that all proposals approved by the board, grant agreements between NED and its grantees, and other official documents of the endowment are made available to the public upon request.

I am happy to have this opportunity to comment on several of the exciting projects that have been approved by the board. For instance, the endowment has approved a grant for a Chinese-language magazine called The China Intellectual. This new magazine will provide a forum for free discussion of democratic ideas and the future of China for the 15,000 students from mainland China who are studying in the United States, Western Europe and Japan. Many of these students are the sons and daughters of prominent party leaders, and they are expected to assume important position, upon their return to China. The China Intellectual will expose these students, many of whom live in a sheltered environment, to democratic ideas, it will hopefully have a positive impact on their thinking.

Another NED-funded program is a project to assist Polish political prisoners and the intellectual opposition in Poland. Many of Poland's political prisoners, who were released last July, are unemployed. This worthwhile project will provide Polish political prisoners with food and medicine and pay for their legal fees.

A third project which has been approved by the endowment board is a program to provide funds to reopen schools in Afghanistan in an area controlled by the resistance movement. This program is being administered by a group of French doctors known as Medecins Sans Frontieres (Doctors Without Borders).

These physicians provide medical care to Afghans living in areas of the country that are not controlled by Soviet forces. Over the past three years the group has transported more than 80 physicians into the heart of Afghanistan and back. They have also helped to re-establish schools for children under 16 in the vast mountainous region of Central Afghanistan.

At a time when the Soviets are seeking to indoctrinate the younger Afghan generation by transporting thousands of children and teen-agers to the USSR for study, providing basic traditional education is a form of resistance as well as a social necessity.

These are just a few of the projects that are being funded by the endowment. The NED is a very young organization (it is less than a year old), and it has an extremely challenging objective.

I believe that as time goes by and NED-funded programs begin to have a positive impact on people's lives, support for the endowment will grow stronger and stronger.

Maybe one day even Mary McGrory will see the reason why this so-called "stupid idea" just won't die.

The **Chairman**. We are adjourned.

[Whereupon, at 1:03 p.m., the committee adjourned, to reconvene at 10 a.m., Monday, April 1, 1985]

APPENDIX

Statement of the American East European Ethnic Conference, Rockville, MD

The American East European Ethnic Conference (AEEEC) strongly supports the Administration in their efforts to upgrade and expand the operational capabilities of the Radios. Historically, the Radios have played a vital role in promoting the ideals of democracy, freedom and independence. These basic tenets, upon which our country and western civilization were formed, provide encouragement and hope for listeners in the captive nations.

We have urged in the past and continue to urge that the Congress provide the vital resources needed to upgrade and expand the operational capabilities of RFE/RL; improve the quality and quantity of broadcast personnel; implement a quality control program with regard to editorial content; increase the reach and frequency of Radio broadcasts; and modernize facilities.

Although at times the AEEEC has taken issue with some aspects of PFE/RL activity, this has been done with the intent of providing constructive criticism aimed at improving the effectiveness of the Radios. The AEEEC recognizes and will continue to advocate the necessity and value of this institution. We view the expansionist policies of the Soviet Union with their inherent promotion of communist ideology to be the most dangerous threat to world peace and the preservation of free societies. The Radios serve as a bulwark of democracy and are effective in countering many of these policies.

Recently in the American press, there have appeared numerous unfounded and scurrilous attacks of the integrity of the Radios. We view these attacks to be the result of a systematic disinformation campaign by enemies and opponents of RFE/RL. The fact that such a campaign has been undertaken is a clear indication that the policies implemented by the current leadership of the Radios have been effective and on target.

We urge the Senate Foreign Relations Committee and the Congress to do everything in their power to safeguard the integrity of this vital institution founded to communicate and promote western ideals. This is not the time to give credence to these baseless and unfounded accusations, but rather it is the time for us all to rally behind the Radios with a resounding vote of confidence by authorizing the Radios' budget request.

The American East European Ethnic Conference is a coordinating body of representatives of the major national umbrella organizations of East European ethnic groups which includes: Bulgarian National Front in the U.S.A., Czechoslovak National Council of America, Estonian American National Council, Coordinating Committee of Hungarian Organizations in North America, American Latvian Association in the U.S.A., Inc., Lithuanian American Council, Inc., Polish American Congress, Inc., Ukrainian Congress Committee of America, Inc.

On behalf of the American East European Ethnic Conference, we strongly recommend that you expedite these hearings and do everything in you power to enhance the status of Radio Free Europe and Radio Liberty. Thank you for this opportuntiy to present our views.

FOREIGN RELATIONS AUTHORIZATION, FISCAL, YEARS 1986 AND 1987

(U.S. Information Agency)

MONDAY, APRIL 1, 1985

United States Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 10:25 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Jesse Helms presiding.

Present: Senators Helms, Pell, Zorinsky, and Cranston.

Senator Helms. The committee will come to order. The Chair apologizes for the delay. I went to the Governmental Affairs Committee for what I thought would be about a 3-minute appearance, and it turned out to be somewhat longer than that because a discussion ensued which I enjoyed.

Mr. Wick, we welcome you to the Committee on Foreign Relations. This being Monday morning, we do not quite have a quorum here this morning. This hearing has been called to review USIA legislation and budget figures for fiscal year 1986.

Let me say that the responsibility of the United States Information Agency is indispensible to the success of the foreign policy of this country. We are engaged in a battle of ideas in this world, and the United States not only has a responsibility, it has a duty in terms of foreign policy to combat communism and spread the message of freedom around the world.

Our distinguished President of the United States has certainly proven in word and in deed to be one of this century's premier spokesmen for freedom. Nonetheless, an agency like USIA must conform to certain standards of operation, made all the more important by the serious nature of its mission.

Of course, I am especially mindful of standards of excellence, balance, accountability, and independence, all of which I consider fundamental to the success of the Agency's mission. In recent years, Congress has earmarked funds for additional professional auditors at USIA to insure the accountability of Agency-funded programs and activities; and many Senators, including the Senator from North Carolina, have taken an active role in the oversight responsibilities which this committee exercises. Mr. Wick, I look forward to continuing that in the future.

One aspect of USIA's activities which demands the highest standard of excellence is that involving our participation in the war of ideas which the United States is waging with the enemies of truth and freedom. As Solzhenitsyn has written in "From Under The Rubble," if a regime bases its rule on lies, then terror must be its method. We are confronting, in the Soviet Union, an enemy whose opposition to basic American freedoms and values is absolute. Communism considers our basic traditions to be thoroughly evil and antisocial: The family is an obstacle to the party's total rule; religion is the opiate of the masses; tradition is the reservoir of bourgeois evils; and freedom is dangerous to discipline.

With this in mind, many Americans are concerned that some agencies of the United States often try to be neutral in the battle to preserve freedom. Specifically, some commentators, in their zealous devotion to presenting both sides, insist that we present the American side and the Soviet side on such programs as those sponsored by USIA, or those carried on the Voice of America. The insistence that, in the name of such journalistic neutrality, we present no foundation of coherent values as the basis of our public diplomacy, reminds me of the man who tried to be so openminded that his brains fell out.

I am hopeful, then, that those responsible for the conduct of the programs sponsored by USIA will always bear in mind the desire for true excellence in such programs—innovative, vigorous, and staying out of the ruts of mere convention. We need real balance, offering the many varieties of responsible—and I underscore responsible—American views to the world. And, of course, I hope those responsible for reflecting the views of the Reagan administration on various issues in USIA programs and publications will take the time to familiarize themselves with the substance of those views, rather than repeat some caricature of the President originating with his detractors.

With that, Mr. Wick, I welcome you and ask that you now begin your opening statement.

I believe, Mr. Wick, that you wish your statement go in the record in its entirety, and that you have a tape for us to view. We look forward to seeing that tape now, if you wish.

STATEMENT OF HON. CHARLES Z. WICK, DIRECTOR, U.S. INFORMATION AGENCY, ACCOMPANIED BY GENE PELL, ACTING DIRECTOR, VOICE OF AMERICA; STANLEY SILVERMAN, COMPTROLLER, USIA; RONALD TROWBRIDGE, ASSOCIATE DIRECTOR FOR EDUCATIONAL AND CULTURAL AFFAIRS, USIA; AND ALVIN SNYDER, DIRECTOR, TELEVISION AND FILM SERVICE, USIA

Mr. Wick. Thank you, sir. The tape runs 10 minutes and I think it will be very illustrative of where we are right now. It will give everybody an opportunity to catch up with what the agency has been doing.

I appreciate your past support and your present support. We feel that the war of ideas, in which we are engaged, is the only war that ought to be fought.

[A videotape was shown.]

Mr. Wick. Thank you very much, Mr. Chairman.

[Mr. Wick's prepared statement follows:]

PREPARED STATEMENT OF HON. CHARLES Z. WICK

Mr. Chairman, Members of the Subcommittee:

I am happy to be here today to present to you the authorization request for the United States Information Agency for fiscal years 1986 and 1987.

This request comes to you at a time when the United States faces many new challenges to its national security which can affect the daily lives of all Americans. Undoubtedly, the challenge from the Soviet Union is more serious than ever before, and Soviet efforts to manipulate other societies continue unabated.

This request is designed to reduce the grave inadequacies of a U.S. informational program that has been undercapitalized for decades.

In a volatile world, sparked by famine, civil strife and terror, the political fate of many societies hangs in the balance. Our deeply cherished democratic values are being questioned in much of the Third World. The choice of economic paths for many nations remains uncertain.

Whether other countries understand our policies, ideas and traditions is crucial to our own security and to the livelihood of all Americans. There can be no doubt that the Soviet Union sees this crucial moment in history as a great opportunity to expand its sphere of influence. That is why many feel so strongly that the work of USIA is more vital now than ever before.

Mr. Chairman, the proposed budget for fiscal year 1986 totals $973.6 million, an increase of $177.7 million over fiscal year 1985. For fiscal year 1987 we are requesting $1,154 million. In real dollar terms, however, the operating component of our 1986 request represents an increase of four-tenths of one percent above what USIA had in 1967 for program operations. This budget represents only one-tenth of one percent of the total Federal budget, and our proposed increase over 1985 represents only one-fiftieth of one percent of the Federal budget.

With the money you have previously authorized for us, we have undertaken many important new initiatives to bring this Agency into the age of modern communications, vastly increasing our ability to carry the U.S. message to people around the world.

Our posts in 50 countries now receive live interviews with top U.S. officials via satellite on our new WORLDNET system.

Fifty-eight posts will soon be receiving our daily "wireless file" transmission of official texts and news vital to the mass media abroad through new optical scanning technology and computers that speed information to them almost as soon as it is written.

Youth exchanges have increased by an additional 12,000 in the last two years alone. Other cultural and educational exchanges have increased substantially.

Today, the Voice of America, in the midst of a major modernization, broadcasts 224 hours more each week than in 1967 -- a 27.6% increase. These radio programs are broadcast in 42 languages, 7 more than in 1967. This year, we will send 650 of America's leading specialists abroad to talk about America and our policies, as compared with the 214 specialists sent in 1967.

Even more telling, we have been modernizing USIA and expanding our reach abroad with 3,000 or 24% fewer employees than in 1967, while this year we will operate in 129 countries, 17 more than we did then -- including China -- where one-quarter of the world's population lives.

These strenuous efforts to revitalize USIA -- bring it to the cutting edge of communications as we approach the Twenty-First Century -- are being done with the same or fewer constant dollar and personnel resources than were available to us in 1967. Considerable strain has been caused, especially at our overseas posts.

Some of you are personally familiar with our operations overseas. We have a superb corps of dedicated employees. Many are fluent in the local language. Our overseas employees are carrying out considerably more activity than was accomplished in 1967; in some cases under difficult security conditions.

But even with the very fine support of the Congress, we are a long way from being able to meet successfully the Soviet challenge. In 1982, the Soviets had almost four times the budget we had for its information activity. Even today, we are still far behind.

We recognize the special efforts that are being made to restrain the Federal budget. And for actual USIA program activity -- the basic agency operations, e.g. -- TV, VOA, overseas programs and all basic support -- we are asking for only four-tenths of one per cent over USIA's 1967 program budget in real dollars after covering net cost increases.

A number of unusual circumstances and special requirements explain the rest of the requested increase.

They are:

---The capital investment in VOA modernization as proposed by the President and supported by the Congress. President Reagan likened this commitment to the same kind "that President Eisenhower and President Kennedy brought into the space programs;"

---Specific exchange-of-persons programs, whose doubling over 4 years culminating in 1986 was mandated by the Congress, and to meet priority exchange needs in Central America;

---The National Endowment for Democracy, (known as "NED"), a private, non-profit corporation established by Congress to encourage and strengthen the development of democratic institutions and processes abroad;

---The opportunity to initiate TV capability in Berlin to get our message into East Germany and Eastern Europe;

---U.S. representation at the 1988 Brisbane World Exposition, which is of great importance to our Australian allies.

In the increasingly dangerous world where our foreign service officers work, our budget reflects a heightened emphasis on security. Last year alone there was an alarming 56 percent rise in terrorist-and threat-related incidents against USIA facilities overseas. We are applying $5.3 million approved by the Congress last year in the supplemental bill for the Department of State to our most urgent security needs.

But in a broader sense, the money we seek is security for all Americans -- for our national security. Not to buy military weapons -- but to provide the United States with another kind of protection and peace; the kind that is won when the people of one nation freely communicate their values and aspirations to the people of other nations, refute disinformation and other manipulative measures calculated to destabilize free world unity -- all through public diplomacy.

If our efforts are successful, the guns and missiles that we stockpile daily might never be used.

This is the heart of my message today and why this budget request is so important.

Speaking last year, President Reagan said that the U.S. Information Agency has recently undergone "a renaissance." The renaissance the President was referring to was the updating of this Agency as a modern, effective and above all a peaceful way to strengthen American leadership around the world.

It is within the context of these fiscal conditions that we must maintain peace by waging a battle to reach decision makers, and the young people who are and will succeed them, around the world.

We know that in the countries where governments are elected through the voice of the people, public opinion prevails. But if the information they receive about us is distorted by disinformation, forgeries, lies, and mistruths -- of the kind transmitted by the Soviet Union -- then those people will be unable to make informed decisions.

As previously noted, we estimate that the Soviets outspend us almost four to one in radio, information, cultural activities and educational exchanges. To put this in perspective, the Russians spent $2.1 billion dollars on information and exchange efforts alone in 1982, while the comparable U.S. total that year was only $600 million. The Soviets had 10 times as many employees at work spreading propaganda as we had to spread the truth.

Perilous misjudgments have caused two world wars in this century because people did not understand one another.

Recent USIA Accomplishments

Largely due to the firm support and interest of Congress, U.S. credibility and clarity have been strengthened abroad through USIA. With the funds appropriated to us over the last four years we have:

* Introduced WORLDNET, the first regular international satellite television network in the world, linking Washington with every continent and more than 50 countries;

* Made major strides toward implementing the long overdue $1.3 billion modernization of the Voice of America with a program now replacing transmitters that are so old they belong in museums, and adding new studios, innovative programming, and more transmission hours that will allow us to reach more people around the globe;

* Brought our Fulbright Scholarship program back from the brink of extinction to the number of exchanges -- about 5,200 annually -- that we conducted in the mid-1960s and raised our overall exchange-of-persons programs to 8,000 annually;

* Invited about 350 mid-career professionals from developing countries to the U.S. through the Humphrey Fellowships Program begun in 1979 and increased the number of American experts (Amparts) sent abroad to 650 annually;

* Initiated the President's International Youth Exchange Initiative which has enabled 12,000 more teenagers in the U.S. and in 31 other foreign countries to plant the seeds of international understanding;

* Developed new avenues of cooperation between the government and the private sector by soliciting the help of 140 American volunteers -- all leaders in the film, communications, sports, publishing industry and labor movement. These volunteers have raised about $4.4 million in private donations to support our Youth Exchange Program and have obtained the Charlie Chaplin film collection, classical, opera and news programs for use by our overseas embassies;

* Established a sports exchange program called Sports America, which is opening up new dialogue for the U.S. in several Far Eastern and Middle Eastern countries that have not traditionally been receptive to more formal exchange programs. It has also provided additional training opportunities for African athletes who participated and won medals in the 1984 Summer Olympic Games;

* Created an Artistic Ambassador program which sends undiscovered world-class pianists on overseas cultural tours living with host families.

The renaissance President Reagan spoke of is a small investment when its cost is compared to the cost of weapons, yet while it is an active deterrence of misunderstanding, it can bring about the kinds of change that make weapons unnecessary.

We must allow this renaissance to continue.

VOA Modernization

Almost half of the added funds we are seeking in 1986 -- $83 million -- is for the modernization and expansion of Voice of America relay stations and construction of new broadcast facilities. We are asking you to continue the commitment begun by Congress in 1983 when you endorsed the concept of VOA modernization.

This money will allow us to construct new short wave and medium wave relay stations throughout the world and especially to begin construction of new facilities in Europe, the Middle East, and the Far East.

With these new stations, Soviet efforts to jam VOA's signal -- which costs them far more money than VOA's entire operating budget -- should prove to be less effective. It is our hope that people wanting to hear something other than government-censored news will finally have access to the truth.

Last month I visited Sri Lanka, Morocco, and Thailand where agreements were successfully negotiated last year to modernize existing relay stations. Other negotiations or discussions are under way with other governments about similar facilities.

We would also start construction of new badly needed studios at VOA headquarters in Washington. In 1984, construction of four modern broadcasting studios was completed and new overseas bureaus were opened in Geneva, Rome, San Jose, and Islamabad. We intend this year to put the Radio Marti Program -- the Cuban Service of the Voice of America -- on the air. In 1983, Congress passed legislation establishing a new U.S.-funded radio station aimed at broadcasting the "truth" about the Castro regime to the Cuban people.

VOA's news and current affairs programming is being enhanced. Callers throughout the world -- we have even received calls from Poland and China -- can tell us what they are thinking on our new call-in show "Talk to America." The program has featured guests such as former President Gerald Ford and the former Chairman of this Committee, Senator J. William Fulbright.

If funding and diplomatic activity are sustained at a high level, by the end of this decade the United States will have an international broadcasting capability which will equal its position of influence and strength in the world.

Television Operations

We seek a one-time capital investment of $8 million to establish a TV station in Berlin -- an idea suggested by the mayor of that city. This TV station, patterned after the radio station in Berlin jointly owned and operated by us and the Germans called RIAS, or Radio-in-the-American-sector, would televise programs that could be seen by East Germans and other Eastern Europeans.

The Federal Republic of Germany would pay virtually all operating costs after this initial investment -- making RIAS cost-effective, as well as program-effective, on the vital border between East and West.

The creation of WORLDNET -- USIA's global television satellite network -- has proved to be a vital forum for explaining and clarifying U.S. foreign policy. As Congressman Dante Fascell, Chairman of the House Foreign Affairs Committee, said in an article last year, the Agency's utilization of technology such as WORLDNET could determine "whether the United States will be a leader or a follower in the world and will decide the fate of the democratic ideas we cherish."

We are seeking an additional $3 million for WORLDNET in fiscal 1986 to install satellite dishes at overseas posts and upgrade our technical facilities to accommodate these and other rapidly expanding TV programs.

Since its start in the fall of 1983, WORLDNET has expanded from an occasional experimental service beamed to five European posts, to a regular weekly series of broadcasts -- more than 80 hours worth in 1984 -- received in 50 countries in Europe, Latin America, Asia and Africa.

According to a recent audience survey, one billion people saw WORLDNET programs on television via satellite during the last half of 1984 which included interviews with leading U.S. government officials, physicians, astronauts, and political analysts.

During fiscal year 1985 WORLDNET will go on the air two hours daily, five days a week, to Europe.

USIA's Television and Film Service also produces Satellite File, a weekly half-hour news program seen on TV in 96 countries. Since it was first offered in 1982, we have produced 95 editions as of March 29, 1985. It is now the Agency's most watched and successful broadcast program worldwide.

Educational and Cultural Exchanges

Radio and television broadcasting are key parts of the revitalized U.S. Information Agency, but educational and cultural exchanges still reflect the heart of our operation.

In fiscal year 1986, we are requesting $159.1 million for our educational and cultural exchanges budget, an increase of $28 million over the 1985 level. This increase will permit us to reach the level mandated in the "Pell Amendment" to our FY 82-83 authorization act, which directed us to double funds for certain exchange activities over a 4-year period.

To improve the cost-effectiveness of our exchange programs we have begun to bring more of our foreign visitors here in groups, when schedules and logistics permit. For example, a group of 400 Italian youths came here last year as one of that country's largest delegations through our Youth Exchange Program.

We began to implement the Congress-Bundestag Exchange Program, which brought 500 West German teen-agers selected by members of the Bundestag to America. A similar number of American teenagers, each sponsored by a member of Congress, were sent to West Germany.

The only female member of the Kenyan Parliament recently concluded a successful visit to this country through USIA's International Visitor Program. More than 500 visiting foreign opinion leaders and government officials observed our November Presidential elections. A Bolivian scholar who had been a leading leftist critic of this country returned from her 30-day International Visitor Program to the U.S. to express praise and admiration for Americans and American institutions.

When you look at a list of current world leaders you will discover that 40 of them and nearly 690 members of foreign cabinets and parliaments were introduced to this country through USIA's International Visitor Program.

They include Argentine President Raul Alfonsin, British Prime Minister Margaret Thatcher, Lebanese President Amin Gemayel, Tanzanian President Julius Nyerere, and Portuguese Prime Minister Mario Soares. Our foreign service officers repeatedly tell us that dollar-for-dollar, this exchange program is one of the "most effective at any price in terms of enhancing public diplomacy and erasing cultural misperceptions."

Some 62,495 people have participated in this international exchange experience since its inception.

Central American Exchanges

In this hemisphere, we are attempting to carry out some of the objectives of the National Bipartisan Commission on Central America, known as the "Kissinger Commission," by launching an educational offensive throughout Central America. With a total 1986 request of $24.5 million, we intend to expand a program of government-sponsored scholarships to bring Central American faculty and students to the U.S. and to increase the number of U.S. lecturers teaching in the region.

Security

Our FY 1986 request reflects a total of $1 million for routine overseas security needs. We have hired and trained 14 additional security officers and have begun site surveys, in cooperation with the Department of State, to determine the needs of our posts.

We depend upon supplemental funding provided through the Department of State for our major security projects. A total of $5.3 million has been provided so far this year, and additional funds are expected to be provided from the Department's pending request.

One of our present priority efforts is to procure easy-to-operate, hand-held VHF radio equipment which can be used by our officers who must work in especially remote locations.

Book Program

We want to close the appalling gap that we have with the Soviet Union in the number of books which we make available to foreign readers. For example, the Soviet Union is the world's fourth leading producer of books in the Spanish language, behind Spain, Argentina and Mexico. This may be one reason why they -- not we -- are having so much influence in Central and South America.

The USSR, which publishes 85 million books in other languages, including all 14 Indian languages, is one of the leading suppliers of reading material to the Third World, a situation we regard as a crisis. We cannot continue to ignore our international responsibilities in this arena.

At the specific request of the National Security Council we began to attack the problem and brought together a distinguished group of American volunteers in the publishing field. As a result of this review we are seeking $3 million to develop a worldwide book program initiative by expanding our support for the translation, publication, and reprint of books into major world and one-country languages, create an American presence at major international and national book fairs abroad and fund shipping costs for books donated to Third World countries.

Conclusion

We are experiencing a new wave of optimism in this country, which is being seen and felt abroad. Part of our job at the U.S. Information Agency is to convey some of the underlying causes of that new spirit and hope to the rising generation of countries such as Mexico, where young adults under the age of 20 now account for 56 percent of their population.

We must continue to reach millions of listeners in China who tell us that Voice of America White House reporter Philomena Jurey is one of the most listened to correspondents in their country and who rely on VOA as one of their principal means of learning the English language.

On Jan. 25, we formally invited the Soviet Union to join us in reciprocal television addresses and to jointly plan with us one-to-two hour satellite television dialogues on WORLDNET. This gesture could make a valuable contribution toward a thaw in East-West relations. We are hoping for a positive reply.

This is the cause of peace and freedom that we desire to serve as we tell the world about America and its people.

Thank you very much. I will be be happy to respond to any questions you may have.

Senator Helms. Mr. Wick, as that presentation was being shown, it occurred to me that one of the difficulties is that the people of the United States are uninformed. I do not know what restrictions you have on sharing this tape with various broadcast entities in this country—you may be able to fill me in on that—but I am one of those who agrees that we probably would not be called upon to spend as much for national defense if we could get back in the game of creating world understanding on the difference between tyranny and freedom.

I do not know how many Senators have visited to the Voice of America. I have. I do not know how many Senators are familiar in a general sort of way with broadcasting equipment. I am. I am not an expert and do not pretend to be, but I do know that some of the equipment I saw at the Voice of America on that visit was the same equipment that every tanktown radio station in the United States threw out 25 years ago and replaced. I think it is a tragedy that we do not devote enough funds for the VOA

Having said all that in a complimentary fashion, let me take exception to one of the figures. I hope you have checked and rechecked all of the figures, because obviously you do not want to distribute any information that is incorrect or even misleading. You said, and I forget the figures—I wrote them down after the fact—that the U.S.S.R. brings in roughly 50,000, students a year.

Mr. Wick. Yes.

Senator Helms. Then you said the USIA has the funds to bring in something like 2,600. Is that roughly correct?

Mr. Wick. Dr. Trowbridge, who is head of our Education and Cultural Affairs, can answer that.

Senator Helms. That is roughly correct?

Mr. Trowbridge. 2,163. That is correct for students; yes.

Senator **Helms**. But is it not a fact, Doctor, that the 2,600, or whatever that the USIA can bring into this country, totals about 3 percent of the number of students who are brought in?

I am a Rotarian and we have visiting exchange students, and I am sure that the Soviet Union does not have that. They do not have that kind of civic club. So in fairness, would it not be proper to say that the numbers are roughly equivalent when you factor in the students brought by private means?

Mr. **Wick**. Well, Senator, you are right. One can do anything with statistics. However, the issue here is, To what extent can the persuasion of people who can afford to come here from countries where it is important that our message be carried back be facilitated by the United States?

Last year there were 338,000, almost 340,000, foreign students studying in the United States, of which only 2 percent were funded or facilitated financially by the United States. So when the Soviets bring in 50,000, those which they are underwriting can be compared against those who come here, the 338,000, of whom only 2 percent are paid for by the U.S. Government to help those who cannot otherwise afford to come here.

Senator **Helms**. I understand that. But I hope that the point I am making is clear—that whether a student comes from a country at the expense of the U.S. Government or the Rotary Club or some other source is relevant. As a matter of fact, I would rather for all of ours to come at private expense, and the thought occurs to me that if a presentation of this type could be produced under the law and distributed, say by the Rotary Club alone, that you would be amazed at how much more money the Rotarians—and I am just talking about 1 civic club out of 50—would bring in far more.

You have a situation where your budget problem really, as I recall it, is partially a result of doubling the number of exchanges 3 or 4 years ago. In other words, what I am saying is more money was stipulated by this Congress for exchanges, and correct me if I am wrong, and less money for the broadcasting equipment and personnel and production and that sort of thing.

Am I correct in that?

Mr. **Wick**. Well, partially, Senator. The doubling of this particular program did not have that much of an impact on our overall budget. It went from a little over $70 million to a little over $140 million.

Mr. **Silverman**. The 1986 budget accomplishes the doubling, Senator Helms.

Mr. **Wick**. Which is only a little over $140 million for the doubling.

Senator **Helms**. But still and all, that money is taken from what you would otherwise spend to upgrade the coverage and the type of broadcasting done by the Voice and others; is that correct?

Mr. **Wick**. Well, that would be a problem in this coming budget. The Congress has been forthcoming so far. People such as yourself and Senator Zorinsky, who have recognized the need and the value of our programs have provided both. In other words, right now our projected modernization of the Voice of America up through 1990 is moving as rapidly as we can, assuming that the funding will support it. The funding was initiated by Congress a few years ago in acknowledging that $1.3 billion would take us through 1990.

So I cannot say that the pluralist viewpoints in Congress have resulted in the last several years in a clampdown on the ability of VOA to move forward. We think we are at the moment of takeoff, however.

Senator HELMS. All right. I see that Senator Zorinsky is here. Let me ask a couple more questions and then I will turn to you, Senator. Good morning.

Senator ZORINSKY. Good morning.

Senator HELMS. We are playing no April Fool's jokes around here this morning.

Senator ZORINSKY. I have already had them played on me.

Senator HELMS. Me, too.

Ed, I have already been highly complimentary of a tape presentation, and I would hope that you can see it. It is about 10 minutes long, and it is very effective. I cannot let Mr. Wick go with nothing but praise from me, but I have to bring up two or three things that are on my mind.

Do you oppose an independent inspections office for USIA?

Mr. WICK. No, sir, I do not.

Senator HELMS. Do you favor it?

Mr. WICK. Yes.

Senator HELMS. Well, among the things that have bothered some of the people who have contacted me over the years—not that I have a steady drumbeat of criticism—but is it true that many of your high-ranking career officials in USIA belong to a labor union?

Mr. WICK. Yes.

Senator HELMS. Do you think that presents——

Mr. WICK. It is actually a professional association.

Senator HELMS. The complaint that has been registered to me, Mr. Wick, is that this could very well lead to a conflict of interest. Do you agree with that, or do you have any comment on it?

Mr. WICK. Well, I agree with it and I have seen conflicts of interest. It is an existing situation and for me to try to do anything about it, frankly, is very difficult.

Senator HELMS. Well, let me put a peg down there and let us just hear from Senator Zorinsky.

Senator.

Senator ZORINSKY. Thank you, Mr. Chairman.

Welcome. It is good to see you, Mr. Wick. This is not intended to be a confrontational question, just informational in nature. I would like from the outset to say that I think USIA has come a long way from the time I first came into this austere body. I think the increase in funding in the area of the technological advances that were needed in USIA has certainly helped contribute to the increased respect I feel that you brought to the USIA, Charlie.

Mr. Wick, USIA is helping to fund a youth conference in Jamaica. Do you know what the level of the USIA funding concerning this Jamaican youth conference is?

Mr. WICK. I think that we will have provided somewhere in the area of around $600,000, plus in kind close to another $400,000 in exhibits.

Senator **Zorinsky**. OK. The National Endowment for Democracy has also contributed $100,000 to planning the same conference. I understand that your agency is aware of this; is that correct?

Mr. **Wick**. Yes, sir, I believe so. We are aware that the U.S. Government has sought to support this in any legitimate way possible.

Senator **Zorinsky**. All right. So we have $600,000 from USIA, $400,000 in-kind contribution, $100,000 from the National Endowment for Democracy. I also understand that AID has contributed funds to the Government of Jamaica for this same conference. Is that correct?

Mr. **Wick**. We understand that they have, yes, sir.

Senator **Zorinsky**. What is the level of the AID funding?

Mr. **Wick**. Well, my briefing materials say $500,000.

Senator **Zorinsky**. $500,000. There seems to be a common thread in all of this, and that is the same taxpayers' pocketbook, only coming from different directions. Does the USIA know the total of the U.S. tax dollar contribution to this conference from all U.S. Government sources?

Mr. **Wick**. No, sir, I do not think we do.

Senator **Zorinsky**. The International Youth Year Commission is the USIA recipient for the youth conference funds. Do you have a figure on what the total funding of the IYYC has been since its inception?

Mr. **Wick**. We have awarded them four grants totaling $371,925. And we have just approved recently another grant to the Commission for $236,695.

The $371,925 included a grant to the National Strategy Information Center.

Senator **Zorinsky**. Thank you. Is it true that the IYYC has applied for a noncompetitive grant from the Justice Department for their Office of Juvenile Justice?

Mr. **Wick**. I am not aware of it. Perhaps Dr. Trowbridge can respond.

Mr. **Trowbridge**. I have no knowledge of that either.

Senator **Zorinsky**. I understand it is at a level of $242,000.

Previously the officials of your agency have stated that the IYYC was chosen as the sole organization to coordinate Youth Year activities because of its ability to raise private sector contributions for Youth Year activities. Do you have a number on how much private sector money has been raised by the IYYC?

Mr. **Wick**. I will try to answer that, Senator. I would say that the IYYC has been designated by the Secretary of State and we were encouraged to recognize that. The Secretary of State sets foreign policy and our job is to implement policy, not to formulate it.

Does anybody have a figure? We will be happy to provide the letter from the Secretary of State, by the way. Do we have a figure as to the private sector? We normally would not.

Mr. **Trowbridge**. No, we do not have that figure, but I can tell you right now even without it that they have raised very little money on their own.

Senator **Zorinsky**. Very little?

Mr. **Trowbridge**. I would say very little money from the private sector.

Senator **Zorinsky**. I would like to ask about the proposed waiver of section 207(a) of Public Law 98-164, which was my amendment to allow nine youth leaders to attend this youth conference in Jamaica. Was travel essential and would the conference succeed if these nine youth leaders did not attend?

Mr. **Wick**. I think Dr. Trowbridge has looked into that extensively.

Mr. **Trowbridge**. Sir, I sent that letter to Speaker O'Neill and Chairman Lugar stating that of the 63 delegates who were going to the conference, in my judgment 9 were worthy of that waiver. In other words, they had traveled twice before in the past 5 years. I have since found that of the nine names we submitted, one traveled without our funds. Another had in fact traveled only once, and another is going on separate funds.

So we are presently talking about six individuals who have traveled twice now in the past 5 years under our funds. None of those individuals has traveled more than twice, by the way, and I can provide for the record the exact dates and purposes of their trips for these six individuals that I asked waivers for.

The reason I asked for the waivers is that, the six individuals, I deemed their positions and experience to be necessary for a successful conference down there in Jamaica. It is not just a question of finding 63 people who have not traveled before. It is, rather, a question of finding the right kinds of people for that conference.

In the case of the six individuals, for instance, William Belk is the chairman of the Young Democrats; Dan Cohen is chairman of the College Republican National Committee; Bill Morton is international secretary of the Resource Training Project; Grover Norquist is international secretary of the U.S.A. Foundation; Manuel Santana is executive director of the Abdullah Cuban Youth Movement; and Peter Schweitzer is international secretary of the Young Activists for National Security.

In my judgment, those people held key positions in those organizations and their expertise and experience, in my opinion, sanctioned the waiver that I then requested.

Senator **Zorinsky**. You are aware that the waiver requires that travel be essential and that the conference may be enhanced by the presence of the participants.

Mr. **Trowbridge**. I think it is. If we cannot send the heads of these organizations, who else is more essential to negotiations than the heads of these key organizations?

Senator **Zorinsky**. All right, fine. Thank you. That is all I wanted to find out. Thank you, Mr. Chairman, that is all I have.

Senator **Helms**. Thank you, Senator.

Mr. **Wick**. Mr. Chairman, just for the record I would like to state that we have made a proposal to appoint an outside inspector general to offset any possible conflict and that we do have a union as well as a professional association, just in case there is any ambiguity in my answer.

Senator **Helms**. Well, you may get some legislative help in the next year or two in that connection, too.

Let me go to a subject that Senator Zorinsky and I have not totally agreed on, and he for good reason his side. Some years ago I put in legislation to create what I called Radio Marti and that thing has been ding-donging around for a long time and it is still not on the air, is it?

Mr. WICK. No.

Senator HELMS. When do you think it will begin broadcasting?

Mr. WICK. Well, we are targeting sometime in May, Senator. Let me just work backward in answering your question.

For the last several weeks, or possibly a little bit longer——

Senator HELMS. Could you pull the mike down a little bit more? That is good. I want to be able to hear you.

Mr. WICK. I thought maybe you could not see me.

Senator HELMS. Both. [Laughter.]

Mr. WICK. Radio Marti is now broadcasting, but not to Cuba. It is broadcasting in its studios 14½ hours a day of simulated broadcasting. We had the opportunity to go on earlier with some urging of various Members of Congress, at 2 to 2½ hours a day. However, I felt that we had made a commitment to Congress to broadcast 14½ hours a day.

We need 187 employees. As of January, we had only about 98. We now have about 110, 119, as of this week. It has taken 4½ to 6 months to get security clearances, because of the extreme sensitivity of those who are involved.

We have had to construct studios in Miami as well as here in Washington. Our transmitter, which is quite aged, in Marathon, FL, is now being augmented and will be a standby transmitter, with the new one installed that will give us a much better signal.

Congress passed the legislation in October 1983, and the funding, the appropriations came a little bit later, in November. This is a vast logistical enterprise. You know a lot about radio. This is not the kind of a radio station that can have a canned operation, fully automated, where you get your tapes and your news wires and have very few people. This is a vast journalistic enterprise.

We have had to do research, trial and error with some of the people available who are emigres from Cuba, people of letters and news and those that can create, staff analyze and implement the journalism that is necessary. So it has been a very large logistical effort. I can tell you that we have done some research in response to questions such as this, which are very understandable.

The BBC takes about a year to put a new language service on the air. To put Amharic on the air, it took us 15 months in the VOA. I believe I have sent to you and others on the committee documents about the types of multitudinous transactions that have gone into creating a physical plant and an idea factory in essence.

We are certain that once we do go on the air we will be able to accomplish our goal of having quality broadcasts that we think will be of great value to the Cuban people and we will be able to sustain it for 14½ hours a day.

In summary, I think that people in the radio business who want to come in and audit what has been done, what were the obstacles in that security-constraining environment, I believe they would find that there has been no foot dragging. Also, USIA was not originally expecting to carry out this function, so we have had to set up a whole enormous support staff.

As you know, a startup business is not very easy. I am sure we have made a number of mistakes, but I do think we will have the product.

Senator HELMS. I guess I am addressing myself as much as anything to enthusiasm. You are enthusiastic about it?

Mr. WICK. We are very enthusiastic, and I think everybody, all the people at Marti are vastly enthusiastic. In fact, they are exhilarated.

Senator HELMS. Let me tell you why I am asking the question. As you know, in this town I get a minimum of four to seven rumors a day about who is doing what to whom. One of the later rumors that I have had is that there is some force using Radio Marti as a bargaining chip with Castro and we will delay Radio Marti, Mr. Castro, if you will do so and so.

Well, you can imagine the inordinate amount of time that I and other Senators spend in tracking down the validity of these rumors. What you are saying to me is that the delay in getting on the air has nothing to do with any deal being made over at the State Department.

Mr. WICK. Well, I can assure you that——

Senator HELMS. You do not know about any?

Mr. WICK. I do not only not know of any, I am the one who pulls the switch. Now I think that probably somebody of your stature, Senator, it probably would take you about 12 seconds to get an answer from the right source. I am giving you a right answer, by the way.

Senator HELMS. This is for the record. You expect a broadcast of what duration to begin by what date?

Mr. WICK. Well, we think by sometime in May.

Senator HELMS. How long each day?

Mr. WICK. Fourteen and a half hours.

Senator HELMS. All right. Now let me go back to that pile of material that you are assembling. Does that include broadcast guidelines about what you can say and what you cannot say?

Mr. WICK. I do not recall all that was included. We emphasized the logistics of what was necessary, but I think we did include guidelines and whatever codes that we had at that particular time to meet the requirements of the legislation, particularly the legal requirement that the standards be equal to the VOA, which are standards of integrity which we would use anyway in promoting the truth.

And then, of course, we have various other material on how the news, the features, commentary will be generated. By the way, the 14½ hours of broadcasting we are doing each day are being critiqued by people, lay people and others, who are knowledgeable about Cuban broadcasting and/or the nuances of the Cuban language. And we are using their critiquing as sort of a rating or a qualitative analysis of what we might expect in the way of an audience reaction.

Senator HELMS. Let me tell you the basis for my question. Last week we had Jim Buckley and Frank Shakespeare and a lot of folks here sitting where you are sitting. And we got into their self-imposed guidelines of what they may say and what they may not say in Radio Free Europe and the rest of the entities.

One of the things that they may not say, they may not refer to "a Communist satellite." I was absolutely astounded at that. If we are going to be so techous about what we can say about the people who are trying to impose tyranny around this world, I frankly do not understand it.

I understand there is a difference between this panel and the panel last week, but if we are limiting ourselves so that we cannot call a spade a spade in our broadcasts to the countries we are trying to reach, then I think that we are shooting ourselves in the foot.

Senator ZORINSKY. Mr. Chairman, would you yield on that for just a comment?

Senator HELMS. Certainly.

Senator ZORINSKY. I just wanted you to know that now instead of being one of the reasons for the slowing up of Radio Marti Program, I have become a supporter since its passage and I have asked the same questions you have as to its timely implementation.

However, I have been speaking with many of the Cuban people in Florida. I just attended a recent celebration they just had called Coliocho, which is a Cuban Mardi Gras, so to speak, in Miami. They welcomed me this time a little more positively than the last time I made an appearance when they threatened to boycott the Nebraska football team at the Orange Bowl because I was in opposition to Radio Marti.

But this time I was a little better received and I would say this, that Cuban-American people themselves do not want the Radio Marti Program to be a surrogate for them. They do not want it to lose credibility in the eyes of their fellow Cubans in Cuba. In other words, they want to make it objective. They want to keep that station creditable and I think Mr. Wick is attempting to do just that with regard to the objectivity of that program.

Some Cuban-Americans may be longing to return to their homeland, but I think the overriding sentiment and the reason for Mr. Wick's very commendable way in approaching this, is to do it right and do it positively. If Cuban-Americans are going to run that program or if they are going to attempt to influence the content, then most people in Cuba will say well, those are the poor losers over there on the mainland trying to get even with our buddy Fidel.

So I think the VOA's Radio Marti Program will accomplish its purpose to a greater extent having the credibility that it was intended to have when we set it up.

Mr. WICK. Thank you, Senator Zorinsky. I can assure you that we feel that the greatest weapon we have, which we are practicing at USIA, is the truth.

Senator ZORINSKY. You know Jorge Mas and I talked about this, and he concurs that it go on properly rather than go on hurriedly and destroy its credibility.

Mr. WICK. Yes; we believe that without credibility we do not have an audience, and without an audience we cannot be heard. The truth is our biggest weapon.

If I may, Mr. Chairman, Gene Pell, the Director of the Voice of America, has been overseeing the progress of Radio Marti. As you probably know, he is the former bureau chief for NBC in Moscow and has done a grand job at the Voice of America in ensuring objectivity in telling America's story. Perhaps he might be responsive.

Senator **Helms**. Thank you. We will be glad to hear from you.

Mr. **Pell**. I would certainly agree with what both you and Senator Zorinsky have said about the importance of credibility. I think anybody who served behind the Iron Curtain understands that, that without it there is no audience. Without an audience there is no reason for our existence.

As you saw on the tape, Mr. Chairman, the Soviets outspend us. They outbroadcast us. They outpower us in terms of their transmitters. One thing they do not do is outpull us in terms of reaching that international audience. All research indicates that ourselves and the BBC are the stations that are most listened to, and Radio Moscow ranks way down the list.

In terms of the Radio Marti operation on the program side, as the Director said, we have had outside evaluators listen to the simulated broadcasts, evaluate the tapes, take a look at the news product. I am extremely encouraged about the findings which have been reported to us by all of those people, that they consider it to be an accurate and balanced and comprehensive news source.

We have some very distinguished people involved in this operation, from Jorge Mas, who is the chairman of the Presidential Advisory Committee; Dr. Humberto Medrano, the director of news and programming, who is a distinguished Cuban journalist, well known in this country as well; Sol Gefter, a Foreign Service officer who is also on the executive committee of Marti. His most recent post before coming here was in the American interest section in Havana.

Ernesto Betancourt is the head of research, and research is one of the keys to this operation, also a man of impeccable integrity and character and experience and professionalism.

Recently we have added four people to the Marti operation who will be in key positions, one of them, Jay Mallin, who was a newsman with Time Magazine, and most recently has been the assistant foreign editor of the Washington Times, has been selected to be the news director at Radio Marti, and he will be assisted by a woman, Helga Silva, who is coming from Miami, Cuban-born, University of Missouri Journalism School, former city editor of the Miami Herald.

That is the kind of professional we are putting into the organization, and I am confident that we are going to have a product which is going to serve the interests of Cubans. It is going to serve to fill a tremendous void in the kind of information they have accessible to them, and it is going to be a service of which we can be proud.

Senator **Helms**. All right. We have to hasten along because we have another panel of distinguished Americans. I do not know whether you covered it in any of the materials you submitted for the record or not, but I would like for your engineering experts to give the committee in writing the consequences of the antiquated equipment that you have in terms of just physical coverage.

The older the transmitter, the less miles it goes?

Mr. **Wick**. Right.

Senator **Helms**. So if you do not have that covered, I wish you would, in such detail as may be possible.

One final question. I note that you have resubmitted the nomination of Mr. Sam Courtney as associate director of programs at USIA. There was a report prepared by the majority staff last summer that highlighted the need for close supervision by the President's appointees of many of the career employees there and elsewhere involved in the formulation and the leaking of the well-known blacklist.

Now Mr. Courtney, as I understand it, is a career employee; is that correct?

Mr. WICK. That is right.

Senator HELMS. Since you first submitted his nomination you have also appointed a career employee as counselor to the agency; is that correct?

Mr. WICK. Yes.

Senator HELMS. I guess what I am getting at is do you foresee opportunities in the program division for non-career professionals to represent——

Mr. WICK. We have more non-career professionals In USIA than at any time in its history, and have been subject to a lot of criticism for that. I think that there has not been the understanding that we also have an unprecedented number of new programs in our system.

Let me tell you this, Senator. We have over 9,000 employees. We have 214 posts in 129 countries. The USIA, I am told, with the help of you and Senator Pell and Senator Zorinsky and others on this committee and other committees, have assisted USIA in gaining a visibility and an opportunity to generate outcomes that have been far in excess of what has gone before. This has also been accomplished, of course, through the leadership of President Reagan, who just as you, recognizes the power of ideas.

However, we are a people business and no matter how many fiats or edicts one may issue at the top, as Director, that does not assure one that things get done. I am an expert, being new to bureaucracy as of 4 years ago, in how the record may look impeccable and yet something does not come out of that faucet at the other end.

So the difference, the motivating propulsion, is morale. Frankly, I take the responsibility for anything that happens at USIA. I think my philosophy is quite well known. I feel we represent all constituencies and yet we have a very clearcut mission, to tell the world about America, persuade those throughout the world that to be governed with the consent of the governed is what freedom is all about.

Sam Courtney, during the blacklist and other problems we have had, has been exemplary. He is smart. He has been very loyal. He has implemented whatever has been our policy, and I frankly felt it would be very good for the morale of those 9,000 employees to feel that somebody as deserving would be in that kind of a position. Putting a career employee there, I can assure you in the chain of command, in no way would subvert or change the policy that we are pursuing now.

As to the counselor, I created that position when I first came in. The remarkable symbiosis of our Government, as our Founding Fathers knew, was that you have an ongoing bureaucracy that really is the machinery of government, and then the people speak and add to it the political appointees, who are those that dictate the policies that the voters ratified in the elections.

However, I feel that somebody who is a political appointee as a Director of the Agency or any agency recognizes that is a very esoteric business. I feel that I am qualified as a Director, hopefully, to understand what this President and what this administration, as well as this country, wants to achieve in the particular charge we have. So I find that having a counselor who has been with the Agency for many years, who can answer any question I have about what happens in any part of the world and what is this thing for and why can't we do X, Y, or Z, is just an invaluable resource.

It is not a policy position. It is as important as a computer, and only with valid information can any particular philosophy be implemented effectively.

Senator **Helms**. Senator Pell.

Senator **Pell**. Thank you, Mr. Chairman. I am sorry that I was late. I have had a chance to look over the testimony and I really wanted to come here to say that while Director Wick's methods are sometimes unorthodox I think he has had a very successful tenure in his office. He has made for a much higher profile for the USIA and done an excellent job, and I just wanted on the record to congratulate him on his work and his achievements.

In this regard, I read an article yesterday in the Parade magazine—and I would ask unanimous consent that it be included in the record—spotlighting Director Wick's accomplishments.

Senator **Helms**. Without objection, it will be.

[The article referred to follows:]

[From the Parade Magazine, Mar. 31, 1985]

The Surprising Success of Charles Wick

HE HAS AMERICA LEADING THE RACE TO INFLUENCE THE WORLD

(By Marguerite Michaels)

The United States Information Agency is the U.S. government's public relations firm. Lately, it's not only telling the news but also making it. The reason for the big change is the USIA's director, Charles Z. Wick, 67, who has brought a sleepy 1950s bureaucracy smack into the 21st century with a mix of Hollywood hype and state of the art technology.

"I don't know anything about foreign affairs," Wick says, "and I don't know anything about journalism. But I know how to make things happen."

Wick is a California businessman who once arranged music for the Dorsey brothers. He likes clear fingernail polish, well-cut Saville Row suits and vaudevillian one-liners. Wick and his wife, Mary Jane, long-time friends of Nancy and Ronald Reagan, raised more than $10 million for the 1980 Presidential campaign. Wick took the job at the USIA in 1981 because his friend the President felt strongly that America was losing the war of ideas with the Soviet Union about the quality of life under democracy versus the quality of life under totalitarianism.

The marriage of the flamboyant Mr. Wick and the staid USIA, with 210 posts in 108 countries, was not exactly one made in government heaven. But, over a period of three years, Charles Wick has changed the agency—and the agency has changed him.

At first there was nothing but trouble. With a combination of näiveté and arrogance that even made the White House wince, Wick hired enough children of enough Cabinet members to be awarded a "gate" of his own—"Kiddiegate." Wick also hired a lot of conservatives who were accused of politicizing the Voice of America, the agency's grant programs and its overseas guest-speaker program. And until a year ago, Wick had been taping all of his phone conversations—not illegal but very unfortunate in Washington's climate. In Wick's first two years at the agency, he ran through two deputy directors, two associate directors, three directors of the Voice of America and five public relations officers.

"I've seen a lot of people come and go in all my years in government," says one of the above. "But I've never seen anyone like Charles Wick. Are they all like that in Hollywood?"

Most of the kiddies have gone, Wick doesn't tape his phone calls anymore, and he flatly denies the accusations that he has politicized any part of the USIA. He puts it this way: "The direction of the agency is not politically motivated but is responding to our current policies that the voters have delegated to leaders to formulate and articulate pursuant to the philosophies on which they were elected."

Wick's initial management style indeed seemed more suited to running a Hollywood studio than a government agency. Even today, he still manages his bureaucracy with unusual bluntness.

"He has an idea a minute," says a former aide. "A staff meeting will be Wick just shooting out these things one after another—zap, zap, zap. And he's made sure they don't get lost in the bureaucratic shuffle. Everything gets put on computers for follow-up. The bureaucracy isn't used to speed or accountability. A lot of people in the agency find it irritating."

Adds a current staffer: "Wick is the kind of guy who gives you only the first paragraph and expects you to do the rest—not a talent that bureaucrats are trained in."

The stories about Wick's temper are so legendary that even Wick, a self-made millionaire, believes them. "Well, I think," says Wick, "I am probably very difficult to work for, for a lot of people, but not for some, possibly. But, by the same token, I know a lot of people who are very easy to work for and never get anything done."

Wick denies charges of being unfair to people in the agency but frankly acknowledges an impatience—formerly disdain—with bureaucracy and bureaucrats.

For instance, when he suggested a USIA television special called "Let Poland Be Poland" as a response to the imposition of martial law in Poland in 1982, his staff looked at him as if he were nuts and said, "We don't do things like that in government."

So Wick turned to his friends in the business world, raised $537,100 and in two weeks' time put together a 90-minute crossbreed of documentary and star-studded entertainment—including a song sung in Polish by Frank Sinatra. To the agency's amazement, 12 world leaders agreed to tape statements about freedom and repression for the program. Even the disgruntled USIA staffers acknowledged the program's immense impact around the world.

"We have marvelous people here," says a new, mellower Wick. "But, in any organization of 8,000, there are some who aren't so marvelous—and generally recognized by their colleagues as such—and you can't fire somebody for poor performance, as you can in the private sector."

The credit for what President Reagan calls a "renaissance" at the agency comes from a list of accomplishments no USIA director before Wick can even approach. He has increased the budget from $547 million to $796 million. With those funds he has started a modernization of the Voice of America that will bring its 1953 vintage broadcasting equipment into the 1980s. He has expanded the educational exchange programs to include high school students. He has involved the private sector in advisory roles at the agency and in supplementary funding of some of its educational and cultural programs. And, in his most spectacular feat, he took a moribund satellite television division and transformed it into Worldnet—the first international satellite television network.

The power of Worldnet is just beginning to be understood. By the end of this year, it will link Washington via satellite with 50 U.S. embassies and posts overseas. The system provides a two-way audio and one-way video transmission of all kinds of programming, including live press conferences between U.S. government officials—like Secretary of State George Schultz, Defense Secretary Caspar Weinberger and Commerce Secretary Malcolm Baldridge—and journalists in Europe, Latin America, the Mideast, Africa and the Far East.

Its first broadcast was aired on Nov. 3, 1983, one week after the U.S. invasion of Grenada. Wick has Jeane Kirkpatrick at the UN in New York, two State Department officials in Washington and two Caribbean prime ministers in Barbados answer questions from journalists gathered at U.S. embassies in five European cities.

In Worldnet's first six months, more people were reached by the USIA than in the last 30 years.

Even before Worldnet, at the time of the Korean airline disaster, the USIA broadcast a videotape carrying the voices of the Soviet pilots and their groundcontrol officers. Twenty minutes after the tape was played on five TV screens before a hushed United Nations Security Council, the Russians admitted for the first time that they had indeed shot down Flight 007.

Earlier in 1983, the USIA organized a mini-blitz on Afghanistan with posters, videotape, photo packets, Voice of America commentaries and editorials coordinated at various overseas posts to coincide with "Afghanistan Day," March 21. An internal report reckons that the broadcasts and press placements brought an audience of more than 100 million into contact with USIA-generated material intended to focus attention on "the Soviets' unprovoked invasion and brutal occupation of their neighbor."

"Little by little, Wick has put his stamp on the agency," Says Rep. Dante Fascell (D., Fla.), who, as chairman of the House Foreign Affairs Committee, has had several run-ins with Wick. "He's been able to get from the Office of Management and Budget the kind of money the agency needed to get into this century. Wick doesn't lack for ego. And I suppose he would like people to say after he goes that Charles Z. Wick did a good job and the USIA is a better place. The agency is a better place, but it does have a lot to go."

The Soviet Union, Wick will tell you, spends $3.3 billion and employs 70,000 to work its propaganda mills. The USIA's budget is $796 million, with only 8,000 employees. Soviet bloc countries broadcast more than twice as many hours a week in twice as many languages as Voice of America. Only with satellite television has the USIA taken the lead.

There is a lot of work to be done. Loved or unloved, Charles Wick is staying on to do it.

Mr. WICK. Thank you very much, Senator Pell.

Senator PELL. In connection with the exchange programs, I am delighted you are moving ahead in this field. I know that we share a view, a view that comes when one travels and the request of nearly every U.S. Ambassador abroad is to expand exchange programs because these pay off—not immediately but in 10, 20, 30, 40 years—when that particular individual has achieved a position of responsibility in the country.

I am very glad and congratulate you on the fact that you are moving on my amendment to double these programs.

One specific question. Why is it that the books that are being distributed around the world are going to the regional centers more than to the libraries? Is there a reason for that?

Mr. WICK. I think those are our distribution centers, are they not?

Mr. TROWBRIDGE. Right.

Senator PELL. You mean they just go there as a passthrough and then go to the libraries afterward; is that it?

Mr. TROWBRIDGE. Right.

Senator PELL. They do not stay in the regional centers. Do they stay in the regional centers or do they pass through to the libraries?

Mr. SILVERMAN. Senator Pell, may I? There are two separate programs. One is to enhance the content of our own libraries in all the countries of the world. The other program, which initiative is included in the 1986 proposal, is $3 million to get the rights to produce in translation American books for distribution abroad outside of our libraries. They are complementary programs in that sense.

Senator PELL. I see. In other words, we actually translate some of the books?

Mr. WICK. We pay for their translation. We cause them to be translated. We did 159 titles last year, and we hope to do more this year.

Senator PELL. And then are they produced by the private sector or do we have to pay for the production of the books, too?

Mr. TROWBRIDGE. In order to get the private sector to produce titles, we purchase a guaranteed number that will make it then something that they would want to do. It is a sort of subsidized private sector arrangement so that we can get the books published.

Senator PELL. What would that number be as a general rule? Would it be 3,000, 2,000 volumes? One thousand?

Mr. TROWBRIDGE. I think it would be up to 1,000.

Senator PELL. Thank you very much.

Thank you, Mr. Chairman. Those are all the questions I have.

Senator ZORINSKY. Mr. Chairman.

Senator HELMS. Yes.

Senator ZORINSKY. I would like to ask unanimous consent that I be allowed to submit further questions for answers in writing from USIA.

Senator HELMS. Without objection, and that will apply to all Senators, I might add.

Senator ZORINSKY. And also to remind Mr. Wick that the total thus far on the International Youth Year Conference is at $1,562,000, with no private contributions that I am aware of joining that taxpayers 'contribution.

I would like to ask one final question. In view of the fact that you are requesting a 22-percent increase in authorization, which is about $177 million, why is it that by the end of this year I understand that $40 million budgeted for the VOA modernization program will remain unspent?

Mr. WICK. Well, two things, Senator. I am sorry, Senator, the light was in my eye. What was the first thing you said?

Senator ZORINSKY. Concerning the authorization?

Mr. WICK. With regard to IYYC, I hope there is no inference or misunderstanding, that we had any responsibility other than to have followed administration policy, over which we have no control. In other words, the Secretary of State wrote us a letter confirming their position. The NSC endorsed it and we proceeded pursuant thereto on the IYYC. So I just hope you have that clear.

As you probably know, I am very much——

Senator ZORINSKY. That does not mean it has a blank check for funding.

Mr. WICK. We do not have a blank check. We feel that the funding that we gave it was appropriate within what we are supposed to be doing, and if you do not think so, why we would be happy to address ourselves to that issue.

Senator ZORINSKY. Well, I think it has to be viewed within the context of our overall budget. There are so many agencies of the Government contributing to this conference that it is apparent that there is no coordinating factor. It is like the international banking community loaning to a country. Nobody knows how much that country owes to all of them, and I am beginning to think nobody in our Government knows collectively which agency is giving out how much money, unless somebody asks the question.

Mr. WICK. Well, I will not take exception to this last statement you made. However, I will say that I think there was a conscious effort on the part of our Government to assist that effort in view of the enormous youth meetings that the Soviets sponsor with just tremendous sums of money. They spend tens of millions of dollars.

This conference was a conscious effort by the U.S. Government to try and in some way give young people a choice. But I will not dispute the fact that in other areas probably the Government does not know where all the funding is going to, a given particular beneficiary.

Senator ZORINSKY. Why did VOA not spend all $40 million?

Mr. WICK. Now on the VOA let me explain this. The VOA funding is utilized as fast as we can get under construction and as fast as we can reach agreements. We showed this 10-minute tape, which I hope you will be able to see. For example, it took us 4 years in Sri Lanka from the time we started negotiating until we closed the deal. It took us another period of time to prepare the site engineering. It is going to take us 4 years for construction.

So as negotiations, which are very difficult, drag out, the timetable is extended. Now we have committed $60 million thus far, and we expect to have committed $150 million by the end of this fiscal year.

We project around $16 million to be unobligated at the end of 1985, but whether it is $16 million or $40 million, it is a function of how fast we can reach agreements.

Senator ZORINSKY. Oh, I supported your modernization. It is long overdue.

Mr. WICK. I just want you to know we are proceeding in an effective way. I am satisfied that we are moving as quickly as we possibly can. We have reached five major agreements here just in the last 2 years, and I think the prior one was 20 years earlier or somewhere thereabouts. So we are using the money effectively and we have had a worldwide engineering reevaluation.

I personally attended the groundbreaking in Tangier a few weeks ago and in Sri Lanka and in Bangkok, and saw the vast enthusiasm by the government and the people, and everybody at VOA.

Senator ZORINSKY. Thank you.

Senator HELMS. We have one more panel, but before we call the next panel, I note the arrival of the distinguished Senator from California. I recognize you, Senator Cranston.

Senator CRANSTON. Thank you very much.

I am pleased to welcome my esteemed constituent and friend, Charles Wick, this morning.

Mr. WICK. Thank you, Senator.

Senator CRANSTON. I, too, compliment you on the well-deserved article in Parade. It was a fine tribute to your very effective work.

Mr. WICK. Well, I remember you cosponsored me in June of 1981, so I am glad that you feel it was worthwhile, hopefully.

Senator CRANSTON. You have not yet given me reason to regret it.

Mr. WICK. Thank you.

Senator CRANSTON. And I trust you will not. I know you will not. I do have some concerns about the budget request simply because of our desire to freeze expenses where they are or reduce them, but I do not have any questions at this point. It is a pleasure to see you.

Mr. Wick. Thank you very much, sir. I would like to point out that 50 percent, about half of that $177 million increase, relates to the VOA modernization plan being implemented. A few years ago everybody seemed to agree on $1.3 billion by 1990. So half of that is generated by that, and the others I think we can show you are built in as well as some mandated programs such as exchanges. With your difficult job I hope that we can show you this tape.

We have a portable that we can show you.

Senator Cranston. How did you persuade David Stockman to go along with this?

Mr. Wick. The war of ideas is the only war that we can afford at this time, and so the highest priority was assigned to the rehabilitation of USIA. As we pointed out, our budget in constant dollars is only four-tenths of 1 percent over that in 1967, apart from the modernization and several of the new programs.

You should also know that all of the increases in the way of activities since 1967 are being accomplished with 24 percent fewer people. We have added almost a third more during that period of time in broadcast hours at VOA and seven or eight more languages. We are operating posts in 17 more countries.

So we think we are doing a very good job. Dr. Gallup, who was one of the USIA great supporters, 30 years ago wrote in a Reader's Digest article, that at that time he thought that what we are doing should have had a $5-billion budget, which would be vastly in excess of our present budget proposal.

So as you have to choose among these very difficult alternatives, we would hope and we know you will make the right decision, but it is not really an increase. It is a very small way of trying to catch up with our adversaries as well as with ourselves.

Senator Cranston. Thank you very much.

Senator Helms. Gentlemen, we thank you all for coming. Mr. Director, do not forget what I said about trying to distribute that information to the broadcast stations. I think it would be very helpful in many ways.

Mr. Wick. We have a prohibition against using materials domestically, but I think what you are talking about is not within the prohibition.

Senator Helms. I think you understand what you are saying. There are ways to do things.

Mr. Wick. I understand. We appreciate your courtesy.

Senator Helms. Thank you very much. It is very impressive.

If the second panel will proceed to the table, consisting of Ed Feulner, who is the Chairman of the U.S. Advisory Commission on Public Diplomacy; Tom Korologos, member of the Advisory Commission on Public Diplomacy; and Jack Egle—I may stand corrected on the pronunciation of it—president of the Council on International Educational Exchange in New York.

I am advised that at least one of the panel members has a plane to catch, so I will state the obvious to all of you gentlemen. You know how we operate around here. We always say that if you have a prepared statement it will be made a part of the record and you may summarize in the interest of time.

So, Mr. Feulner, why don't you proceed?

STATEMENT OF HON. EDWIN J. FEULNER, JR., CHAIRMAN, U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY, ACCOMPANIED BY HON. ROBERT WALLACH, VICE CHAIRMAN, U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY; AND HON. TOM C. KOROLOGOS, MEMBER, U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Mr. FEULNER. Thank you very much, Mr. Chairman.

Senator HELMS. We welcome you here and hope you are enjoying your capacity.

Mr. FEULNER. On behalf of my two colleagues who are here today, my Vice Chairman, Bob Wallach, the senior Democrat on our Advisory Commission, and our third colleague on our executive committee, Tom Korologos, I am pleased to be here to present the views of the U.S. Advisory Commission on Public Diplomacy on the fiscal year 1986 budget request of USIA.

The Advisory Commission, Mr. Chairman, is a permanent, independent bipartisan body created by you and the Congress to recommend policies and programs in support of USIA's mission and principal activities. We are required by law to assess the work of the Agency and to report our findings and recommendations to the President, to you, to the Secretary of State, the Director of USIA, and to the American people.

We did that most recently in our new annual report, which you should have received and which was released to all of our various publics about a month ago. Overall, Mr. Chairman, ours is a favorable assessment of the activities of USIA. We believe the American people can be pleased with the work this agency is doing.

Four years ago this Commission was gravely concerned. In our predecessors' assessment of USIA they found a crystal-set mentality and vacuum-tube technology in an era of microchips and communications satellites. Budgets were eroding, staff resources were dwindling, and the foreign policy decisionmaking process was frequently uninformed by an understanding of foreign opinions and foreign cultures.

Today there are reasons why this outlook is changing. With strong bipartisan support from the Congress, the Reagan administration has revitalized USIA and made public diplomacy a central part of the conduct of American foreign policy. As you have heard from the Director, USIA is modernizing, but at the same time we believe that a great deal needs to be done.

USIA is still an undercapitalized agency, and it is with some hesitation, sir, that I, as a fellow conservative, would encourage you and your colleagues in the Congress to spend more money, but I do believe that this is an undercapitalized agency. It is carrying out more programs in more countries with 24 percent fewer employees and the same constant dollar resources that it had in 1967.

Thus, my colleagues and I on the Advisory Commission urge the Congress even in this period of fiscal austerity to provide USIA with the resources it has requested. We believe that compared with the expenditures of other foreign affairs and defense agencies, additional funds for USIA are a prudent investment in our national security.

I will forgo reading the rest of my statement, Mr. Chairman, which amplifies some of our specific recommendations on the particular programs of the agency in view of your time and the time limits of my colleagues.

Thank you.

[Mr. Feulner's prepared statement follows:]

STATEMENT OF EDWIN J. FEULNER, JR.
CHAIRMAN, U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
APRIL 1, 1985

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM PLEASED TO BE HERE TODAY TO PRESENT THE VIEWS OF THE U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY ON THE FY 1986 BUDGET REQUEST OF THE UNITED STATES INFORMATION AGENCY. THE COMMISSION BELIEVES STRONGLY THAT USIA DOES NOT YET HAVE THE RESOURCES IT NEEDS TO CARRY OUT ITS ESSENTIAL PUBLIC DIPLOMACY MISSION, AND WE SUPPORT THE AGENCY'S REQUEST OF $973.6 MILLION.

THE COMMISSION IS A PERMANENT, INDEPENDENT, BIPARTISAN BODY CREATED BY CONGRESS TO RECOMMEND POLICIES AND PROGRAMS IN SUPPORT OF USIA'S MISSION AND PRINCIPAL ACTIVITIES. WE ARE REQUIRED BY LAW TO ASSESS THE WORK OF THE AGENCY AND TO REPORT OUR FINDINGS AND RECOMMENDATIONS TO THE PRESIDENT, THE CONGRESS, THE SECRETARY OF STATE, THE DIRECTOR OF USIA, AND TO THE AMERICAN PEOPLE.

THE COMMISSION'S SEVEN MEMBERS ARE APPOINTED BY THE PRESIDENT WITH THE ADVICE AND CONSENT OF THE SENATE. ALL ARE PRIVATE CITIZENS WHO REPRESENT A CROSS SECTION OF PROFESSIONAL BACKGROUNDS AND WHO VOLUNTEER THEIR TIME IN THE UNANIMOUS CONVICTION THAT PUBLIC DIPLOMACY IS INDISPENSABLE TO OUR NATIONAL SECURITY AND TO THE ACHIEVEMENT OF U.S. FOREIGN POLICY OBJECTIVES.

SEVERAL WEEKS AGO, THE COMMISSION SUBMITTED ITS 1985 REPORT TO THE CONGRESS AND TO THE PRESIDENT. COPIES HAVE BEEN SENT TO THE MEMBERS OF THIS COMMITTEE. OVERALL, MR. CHAIRMAN, OURS IS A FAVORABLE BALANCE SHEET. THE AMERICAN PEOPLE CAN BE PLEASED WITH THE WORK USIA IS DOING.

TAB C

FOUR YEARS AGO THIS COMMISSION WAS GRAVELY CONCERNED. IN THEIR ASSESSMENTS OF USIA, OUR PREDECESSORS FOUND A CRYSTAL-SET MENTALITY AND VACUUM-TUBE TECHNOLOGY IN AN ERA OF MICROCHIPS AND COMMUNICATIONS SATELLITES. THEY FOUND SERIOUSLY ERODED BUDGET AND STAFF RESOURCES, AND A FOREIGN POLICY DECISION-MAKING PROCESS FREQUENTLY UNINFORMED BY AN UNDERSTANDING OF FOREIGN OPINIONS AND CULTURES.

TODAY THERE ARE MANY REASONS WHY THIS BLEAK OUTLOOK IS CHANGING.

WITH STRONG BIPARTISAN SUPPORT FROM THE CONGRESS, THE REAGAN ADMINISTRATION HAS REVITALIZED USIA AND MADE PUBLIC DIPLOMACY A CENTRAL PART OF THE CONDUCT OF AMERICAN FOREIGN POLICY. USIA IS MODERNIZING. ITS USE OF SATELLITE TELEVISION BROADCASTS AND COMPUTERIZED TRANSMISSION OF THE WIRELESS FILE ARE EXCITING NEW DEVELOPMENTS. THE AGENCY'S INFLUENCE WITHIN THE FOREIGN AFFAIRS COMMUNITY HAS INCREASED. MUCH HAS BEEN ACCOMPLISHED.

AT THE SAME TIME, A GREAT DEAL STILL NEEDS TO BE DONE. USIA IS STILL AN UNDERCAPITALIZED AGENCY. IT IS CARRYING OUT MORE PROGRAMS IN MORE COUNTRIES -- INCLUDING ONE-QUARTER OF THE WORLD'S POPULATION IN CHINA -- WITH 24 PERCENT FEWER EMPLOYEES AND THE SAME CONSTANT DOLLAR RESOURCES THAT IT HAD IN 1967.

A NEW AND MORE DYNAMIC SOVIET LEADERSHIP IS SKILLFULLY EXPLOITING ITS EASY ACCESS TO WESTERN MEDIA AND IS ADOPTING INCREASINGLY SOPHISTICATED METHODS IN ITS EFFORTS TO INFLUENCE WORLD OPINION. THE SOVIET UNION BROADCASTS MORE HOURS IN MORE LANGUAGES, EXPORTS MORE BOOKS, EDUCATES MORE STUDENTS, EMPLOYS MORE PEOPLE, AND ALLOCATES MORE FUNDS TO PUBLIC DIPLOMACY THAN USIA. NOW IS NOT THE TIME TO FREEZE OR CUT THE AGENCY'S BUDGET.

WE URGE THE CONGRESS, EVEN IN THIS PERIOD OF FISCAL AUSTERITY, TO PROVIDE USIA WITH THE RESOURCES IT HAS REQUESTED. COMPARED WITH THE EXPENDITURES OF OTHER FOREIGN AFFAIRS AND DEFENSE AGENCIES, ADDITIONAL FUNDS FOR USIA WOULD BE A PRUDENT INVESTMENT IN OUR NATIONAL SECURITY.

MR. CHAIRMAN, THE MAJOR FINDINGS AND RECOMMENDATIONS OF THE COMMISSION DURING THE PAST YEAR ARE SUMMARIZED AT PAGES 10-11 OF OUR REPORT. I SHOULD LIKE TO HIGHLIGHT HERE JUST A FEW THAT WE BELIEVE MAY BE OF PARTICULAR INTEREST TO THIS COMMITTEE.

WORLDNET

THE COMMISSION WELCOMES THE EMERGENCE OF TELEVISION AS A MAJOR PROGRAM ARM OF USIA AND FULLY ENDORSES THE AGENCY'S INITIATIVES IN UTILIZING COMMUNICATION SATELLITES AND NEW VIDEO TECHNOLOGIES. IN ONLY FIFTEEN MONTHS, WORLDNET HAS MOVED FROM A GOOD IDEA TO A HIGHLY EFFECTIVE MEANS OF REACHING MILLIONS OF VIEWERS THROUGHOUT THE WORLD. IN ADDITION TO INTERVIEWS WITH SENIOR U.S. POLICY MAKERS, ITS PROGRAMS HAVE EXPANDED TO INCLUDE AMERICAN SCIENTIFIC ACHIEVEMENTS AND INSIGHTS INTO U.S. POLITICAL AND SOCIAL PROCESSES.

VOICE OF AMERICA

THE COMMISSION REAFFIRMS ITS SUPPORT OF VOA MODERNIZATION AND BELIEVES IT VITALLY IMPORTANT THAT THE U.S. REMAIN COMMITTED TO A MULTI-YEAR PROGRAM DESIGNED TO PRODUCE A STRONG, RELIABLE VOA SIGNAL WORLDWIDE. WE RECOMMEND, HOWEVER, THAT USIA TAKE STEPS TO INSTILL A GREATER SENSE OF URGENCY AMONG ALL AGENCY ELEMENTS INVOLVED IN VOA MODERNIZATION AND ESTABLISH A MECHANISM TO PROMOTE COMMUNICATION AND COOPERATION AT THE SENIOR LEVEL AGENCY-WIDE.

WE HAVE SOUGHT TO MAKE THE CASE FOR VOA MODERNIZATION IN OUR REPORT. I WOULD LIKE TO MENTION JUST A FEW OF THE INDICATORS THAT WE FIND COMPELLING:

-- MORE THAN 80% OF VOA'S 108 TRANSMITTERS ARE STILL 15 YEARS OLD OR OLDER. MORE THAN 35% ARE 30 YEARS OLD OR OLDER.

-- VOA HAS SIX 500 KW SUPERPOWER TRANSMITTERS (ACTUALLY COMBINATIONS OF AGING 250 KWS) COMPARED TO 37 USED BY THE SOVIET UNION. FRANCE HAS ELEVEN, WEST GERMANY NINE AND GREAT BRITAIN EIGHT.

-- VOA BROADCASTS 1,000 HOURS PER WEEK. RADIO MOSCOW BROADCASTS MORE THAN 2,175 HOURS WEEKLY.

-- VOA BROADCASTS IN 42 LANGUAGES; RADIO MOSCOW BROADCASTS IN 81.

-- IN INTERNATIONAL BROADCASTING HOURS, VOA RANKS FIFTH IN HOURS TO AFRICA; FIFTH IN HOURS TO LATIN AMERICA AND THE CARIBBEAN; SIXTH IN HOURS TO EASTERN EUROPE AND SIXTH IN HOURS TO EAST ASIA.

-- VOA STILL MANUFACTURES ITS OWN REPLACEMENT PARTS FOR SOME OF ITS ANTIQUATED EQUIPMENT, BECAUSE MANY SPARE PARTS ARE NO LONGER MANUFACTURED.

NEED FOR MORE PERSONNEL OVERSEAS

PUBLIC DIPLOMACY REQUIRES NOT JUST HARDWARE AND TECHNOLOGY. USIA'S SKILLED PROFESSIONALS ARE ITS MOST IMPORTANT RESOURCE, AND THERE SIMPLY ARE NOT ENOUGH OF THEM. PROGRAM EXPANSION -- PARTICULARLY WORLDNET, EDUCATIONAL EXCHANGES, INTERNATIONAL VISITORS PROGRAMS, AND NEW INITIATIVES IN TRAINING THIRD WORLD BROADCASTERS -- HAVE STRETCHED THE AGENCY'S OVERSEAS STAFFS TO THE BREAKING POINT. THE COMMISSION STRONGLY RECOMMENDS THAT ADDITIONAL PERSONNEL BE ASSIGNED TO USIA'S FIELD POSTS.

RADIO MARTI PROGRAM

AMBIGUITIES IN THE LAW HAVE CREATED CONFUSION OVER THE RADIO MARTI PROGRAMS INTENDED MISSION AND PROGRAMMING POLICIES. AND DELAYS IN PUTTING THE RADIO MARTI PROGRAM ON THE AIR HAVE OCCURRED FOR A VARIETY OF REASONS.

IN OUR OPINION, THE DECISION TO PLACE THE RADIO MARTI PROGRAM WITHIN THE VOICE OF AMERICA IS NOT SOUND PUBLIC POLICY.. THE COMMISSION DOES NOT ARGUE AGAINST RADIO MARTI AS A SEPARATELY FUNDED ORGANIZATION ADMINISTERED BY THE BOARD FOR INTERNATIONAL BROADCASTING. WE DO, HOWEVER, CONTINUE TO OPPOSE PLACING SURROGATE BROADCASTING ACTIVITIES WITHIN VOA. WE RECOMMEND THAT A REORGANIZATION PLAN TRANSFERRING THE RADIO MARTI PROGRAM TO THE BOARD FOR INTERNATIONAL BROADCASTING BE PROPOSED TO THE CONGRESS AND THAT THE CONGRESS ACT FAVORABLY ON SUCH A PLAN.

BOOK AND LIBRARY PROGRAMS

THE COMMISSION IS DEEPLY CONCERNED THAT THE U.S. IS NOT COMPETITIVE IN INTERNATIONAL BOOK AND LIBRARY ACTIVITIES. NEEDED INCREASES IN RESOURCES FOR OVERSEAS AMERICAN LIBRARIES AND FOR USIA'S BOOK TRANSLATION AND DONATED BOOK PROGRAMS WILL REQUIRE THE SUSTAINED COOPERATION OF USIA, THE CONGRESS AND THE PRIVATE SECTOR.

AGAIN, COMPARATIVE DATA MAKE THE POINT:

-- IN 1965, USIA'S BOOK PUBLISHING AND TRANSLATION PROGRAMS TOTALLED 12.7 MILLION COPIES. TODAY, THEY TOTAL LESS THAN 1 MILLION.

-- IN 1963, USIA ADMINISTERED 254 OVERSEAS LIBRARIES AND READING ROOMS. TODAY THERE ARE 131.

-- IN 1963, 24 MILLION FOREIGN NATIONALS USED USIA'S LIBRARIES AND READING ROOMS. IN 1983, THERE WERE 4 MILLION.

-- THE SOVIET UNION EXPORTS MORE THAN 70 MILLION BOOKS ANNUALLY WITH SUBSTANTIAL INCREASES IN THIRD WORLD LANGUAGES DURING THE LAST DECADE.

-- SOVIET BOOKS ARE HEAVILY SUBSIDIZED AND AFFORDABLE TO THIRD WORLD STUDENTS. U.S. BOOKS ARE NOT.

THE CENTRAL AMERICAN INITIATIVE

THE COMMISSION FULLY ENDORSES THE RECOMMENDATION OF THE KISSINGER COMMISSION THAT GOVERNMENT-SPONSORED SCHOLARSHIPS TO BRING CENTRAL AMERICAN STUDENTS TO THE U.S. BE GREATLY INCREASED TO COUNTER EXPANDED SOVIET BLOC SCHOLARSHIP PROGRAMS.

REPRESENTATION

THE COMMISSION BELIEVES THAT PERSONAL CONTACT WITH FOREIGN OPINION LEADERS IS ONE OF THE MOST IMPORTANT FUNCTIONS OF PUBLIC DIPLOMACY. A SUBSTANTIAL INCREASE IN USIA'S OVERSEAS REPRESENTATION FUNDS WOULD SERVE THE NATIONAL INTEREST.

CONGRESSIONAL GRANT CONTROLS

THE COMMISSION BELIEVES STRONGLY IN THE NEED FOR VIGOROUS CONGRESSIONAL OVERSIGHT IN ALL ASPECTS OF USIA'S ACTIVITIES, INCLUDING SPECIFIC GRANT DECISIONS AFTER THEY HAVE BEEN MADE. BUT WE CONTINUE TO QUESTION THE REQUIREMENT THAT CONGRESS BE NOTIFIED 15 DAYS IN ADVANCE OF ALL AGENCY PROGRAM GRANTS. THIS LEGISLATIVE "MICRO-MANAGEMENT" IS UNNECESSARY, AND WE RECOMMEND THAT THE PRACTICE BE DISCONTINUED.

THE COMMISSION'S REPORT HAS NOT OVERLOOKED CERTAIN CONTROVERSIES IN USIA'S HEADQUARTERS OPERATIONS. WE EXAMINED THE PUBLIC RECORD THOROUGHLY AND DISCUSSED THE ISSUE EXTENSIVELY IN OUR DELIBERATIONS THROUGHOUT THE YEAR.

THE COMMISSION FOUND THAT INTEREST IN THESE CONTROVERSIES ABROAD WAS MARGINAL. WITHOUT EXCEPTION, WE WERE INFORMED THERE WAS NO DISCERNIBLE ADVERSE IMPACT ON USIA'S REGULAR OVERSEAS PROGRAMS AND ACTIVITIES.

IN CLOSING, I WOULD LIKE TO MENTION AN ISSUE THAT WILL BE ON THE COMMISSION'S AGENDA IN THE MONTHS AHEAD. THERE ARE MORE THAN 339,000 FOREIGN STUDENTS IN THE UNITED STATES. NINETY-EIGHT PERCENT DO NOT RECEIVE U.S. GOVERNMENT SUPPORT. MANY OF THESE STUDENTS ARE THE CHILDREN OF LEADERS IN THEIR OWN SOCIETIES AND MANY WILL BECOME LEADERS WHEN THEY RETURN HOME. THE PROFESSIONAL AND PERSONAL TIES THEY FORM -- AND THE INSIGHTS THEY GAIN INTO AMERICAN CUSTOMS AND VALUES -- CAN SIGNIFICANTLY INFLUENCE RELATIONS BETWEEN THEIR COUNTRIES AND OURS.

USIA SPENDS ABOUT $1.5 MILLION ANNUALLY IN A SMALL PROGRAM DESIGNED TO SERVE THE NEEDS OF THESE STUDENTS. CURRENT INTERPRETATION OF THE PELL AMENDMENT HAS RESULTED IN THE EXCLUSION OF STUDENT OUTREACH PROGRAMS FROM PELL FUNDING. WE BELIEVE THERE ARE COST-EFFECTIVE OPPORTUNITIES HERE THAT WARRANT CLOSER EXAMINATION BY USIA AND THE MEMBERS OF THIS COMMITTEE.

MR. CHAIRMAN, I WOULD BE GLAD TO TRY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

UNITED STATES
ADVISORY
COMMISSION
ON PUBLIC
DIPLOMACY

1985 Report

What is Public Diplomacy?

This report is about public diplomacy. It is a term that is not meaningful to most Americans, yet it identifies activities that are essential to the interests of the United States abroad.

Public diplomacy supplements and reinforces traditional diplomacy by explaining U.S. policies to foreign publics, by providing them with information about American society and culture, by enabling many to experience the diversity of our country personally, and by assessing foreign public opinion for American ambassadors and foreign policy decision-makers in the United States. The organization principally responsible for carrying out our country's public diplomacy is the United States Information Agency (USIA).

The U.S. Advisory Commission on Public Diplomacy is responsible for overseeing the international information and cultural programs of the United States Government. The Commission has thought a great deal about how best to describe public diplomacy to Americans, who by law are unable to receive USIA's media products and program materials. We know of no better way than to select from a very long list examples that typify the range of public diplomacy activities undertaken by government agencies and many private American organizations.

It is public diplomacy when:

The Voice of America broadcasts news and policy editorials to an estimated 110 million listeners weekly throughout the world.

American embassy Public Affairs Officers brief journalists in European capitals about U.S. policies in Central America.

A U.S. Fulbright professor teaches American studies at a university in Brazil or an Egyptian Fulbright scholar undertakes academic research in the United States.

Secretary of State George Shultz is interviewed in Washington on USIA's WORLDNET satellite television network by journalists in selected Asian capitals.

A French teenager lives in an American home in the Midwest under the President's Youth Exchange Initiative.

A Thai student learns English at the Binational Center in Bangkok.

Foreign policy speeches by senior U.S. officials are transmitted electronically to U.S. missions abroad for media placement.

A Philippine scholar consults the reference collection at the American library in Manila.

An American musician performs a piano concert in Montevideo under USIA's Artistic Ambassadors program.

Public diplomacy is an integral part of the foreign policy of the United States and most other countries. It occurs when the BBC broadcasts news; when a Japanese ballet company visits the U.S.; and when Soviet spokesman Georgiy Arbatov appears on American television. It does not occur when U.S. officials are denied similar access to Soviet television.

Public diplomacy is not a substitute for traditional diplomacy, but it recognizes the major role of ideas and opinions in shaping the allegiances and political understanding of most of the world.

UNITED STATES ADVISORY COMMISSION ON PUBLIC DIPLOMACY

1985 Report

To the Congress and to the President of the United States

In accordance with the requirements of Section 8, Reorganization Plan No. 2 of 1977, and Public Law 96-60, the United States Advisory Commission on Public Diplomacy submits herewith its annual report on the U.S. Information Agency.

Respectfully submitted,

Edwin J. Feulner, Jr., Chairman
President, The Heritage Foundation
Virginia

c. robert (bob) wallach
Vice Chairman
Lawyer-Counselor
Dean, Hastings Law School Center
for Trial and Appellate Advocacy
California

Tom C. Korologos

Tom C. Korologos
Vice President and Director of
Legislative Affairs
Timmons and Company, Inc.
Virginia

Priscilla L. Buckley

Priscilla Buckley
Managing Editor
National Review
New York

Richard M. Scaife

Richard Scaife
Publisher, The Tribune Review
Publishing Co.
Pennsylvania

Hershey Gold

Hershey Gold
Chairman of the Board
Super Yarn Mart
California

Herbert Schmertz

Herbert Schmertz
Vice President, Public Affairs
Mobil Oil Corporation
New York

A Message from the Chairman

Four years ago this Commission was gravely concerned about the prospects for public diplomacy. In their assessments of USIA our predecessors found a crystal-set mentality and vacuum-tube technology in an era of microchips and communications satellites. They found seriously eroded budget and staff resources, and a foreign policy decision-making process frequently uninformed by an understanding of foreign opinions and cultures.

Today, there are many reasons why this bleak outlook is changing.

With strong bipartisan support from the Congress, the Reagan Administration has revitalized USIA and under the creative leadership of Charles Z. Wick made public diplomacy a central part of the conduct of American foreign policy. USIA is modernizing. Its influence within the foreign affairs community has dramatically increased, and its resources have grown significantly. Much has been accomplished.

In this report, my colleagues and I have sought to document this progress and at the same time address those challenges that still confront the Agency. Each of us brings a unique set of experiences and perspectives to our Commission role. The views set forth have been considered with care.

In examining the way our country conducts public diplomacy, we have been struck forcefully by the dual role assigned to USIA by the Congress.

- The Smith-Mundt Act of 1948 requires USIA to promote a better understanding of the United States in other countries through the dissemination of information about the United States, its people, and its policies.

- The Fulbright-Hays Act of 1961 authorizes the Agency to increase mutual understanding between the people of the United States and the people of other countries through educational and cultural exchanges.

The two Acts—when read together in the context of 35 years of practice under administrations of both political parties—give USIA an obligation both to articulate persuasively the policies of the U.S. Government and to carry out educational and cultural programs. The two missions are complementary, and public diplomacy is indeed more than the sum of its parts.

It is not one-shot dramatic efforts that make public diplomacy succeed. Rather, it is the steady, wise use of *all* of the resources of public diplomacy over time. It is recognition by those who seek disproportionately to enhance educational and cultural exchanges that the articulation of U.S. policies is also necessary to mutual understanding and rational international dialogue. It is understanding by those who support the vigorous expression of U.S. policies that the Fulbright and International Visitors programs provide foreign audiences with the background and knowledge of our culture that put those policies in perspective. And it is appreciation by our elected and appointed officials of the importance of foreign public opinion and the power of ideas in international political discourse.

This report contains the principal findings and recommendations of the Commission during the past year. We have focused on a number of new Agency initiatives such as the satellite television network WORLDNET, computerized transmission of the Wireless File, and modernization of the Voice of America. We have examined selectively the needs and contributions of USIA's traditional programs—exchanges, foreign press centers, English teaching, and others. We have not ignored national news media reports of policy and managerial problems that have concerned many Americans and members of Congress.

Shortly after the bombing of the U.S. embassy in East Beirut, I received a letter from an NBC news correspondent bringing to my attention the diligence and professionalism of a junior foreign service officer assigned to that difficult post. She happened to be the only USIA employee there at the time. The letter brought home once again the realization that public diplomacy professionals face the challenge of physical danger as well as the task of explaining the nuances of U.S. foreign policy to an often skeptical world. USIA's libraries, information centers, and other installations—usually located separately from American embassies in areas that afford public access—are often the most visible and vulnerable parts of the U.S. presence overseas. My colleagues and I have a high regard for the quality of USIA's personnel, both Americans and foreign nationals. We have watched them operate firsthand. They are doing a difficult job well.

Congress has given the U.S. Advisory Commission on Public Diplomacy a mandate which we have taken seriously—to represent the public interest in assessing the public diplomacy of the United States. Because Congress has made an institutional commitment for more than thirty years to the need for the judgment and long-range perspective of an informed advisory body, we urge its members to consider these views with care.

Ours is a favorable balance sheet. The American people can be pleased with the work that USIA is doing. It is our hope this report will be read by everyone interested in public diplomacy.

Edwin J. Feulner, Jr.
Chairman

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The Role of the Commission

Commission members meet monthly in Washington. (From left to right) Commissioners Tom C. Korologos, Priscilla Buckley, Richard Scaife, Chairman Edwin J. Feulner, Jr., Vice-chairman e. robert (bob) wallach, Commissioners Herbert Schmertz and Hershey Gold.

Since 1948, the U.S. Advisory Commission on Public Diplomacy and its predecessors have represented the public interest by overseeing the overseas information and cultural programs of the United States.

The Commission is a permanent, bipartisan and independent body created by Congress to recommend policies and programs in support of USIA's mission and principal activities. It is required by law to assess the work of the Agency and to report its findings and recommendations to the President, the Congress, the Secretary of State, the Director of USIA and to the American people.

The Commission's seven members are appointed by the President with the advice and consent of the Senate. All are private citizens who represent a cross section of professional backgrounds and who volunteer their time in the unanimous conviction that public diplomacy is indispensable to our national security and to the achievement of U.S. foreign policy objectives.

The Commission is one of three permanent Presidential advisory bodies with foreign affairs responsibilities.[1] It was established in 1978 as the successor to the U.S. Advisory Commission on Information for USIA and the U.S. Advisory Commission on International Educational and Cultural Affairs for the former Bureau of Educational and Cultural Affairs in the Department of State. The Commission carries out the duties of its predecessors as well as additional responsibilities set forth in its enabling authority.

In fulfilling the responsibilities given to it by the Congress, the Commission:

☐ Formulates and recommends policies and programs to the President, the Secretary of State and the Director of USIA to carry out the functions vested in the Director and USIA;

☐ Appraises the effectiveness of USIA's policies and programs;

☐ Reports annually to the President, the Congress, the Secretary of State and the Director of USIA on the programs and activities of USIA and their effectiveness;

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[1] The others are the Foreign Intelligence Advisory Board and the General Advisory Committee on Arms Control and Disarmament.

☐ Submits other reports to the Congress as it deems appropriate and seeks to develop public understanding and support for USIA's programs; and

☐ Assesses the degree to which the scholarly integrity and nonpolitical character of USIA's educational and cultural exchange programs have been maintained and the attitudes of foreign scholars and governments regarding such activities.[2]

The Commission is an advisory body only. It is not directly involved in USIA's operations or in the management of its internal affairs. The Commission has no desire to "micro-manage" public diplomacy.

Support for the work of the Commission is provided by a small professional staff. We would like to express appreciation to former Staff Director G. Richard Monsen, a Minister Counselor in the Senior Foreign Service, who recently retired after 36 years of distinguished service on behalf of this country and the mission of public diplomacy.

The Commission's oversight activities are carried out in a variety of ways. The Commission meets monthly with Director Charles Z. Wick and other senior officers in USIA.

It meets periodically with members of the Agency's Congressional oversight committees and their staffs, senior foreign affairs officials in the executive branch and public diplomacy professionals from the private sector.[3]

Last year the Commission testified in oversight hearings on USIA held by the House International Operations Subcommittee and also made its views known on public diplomacy funding issues through letters and reports at various stages of the legislative process.

The Commission is convinced that it cannot fulfill its responsibilities without observing USIA's activities overseas. During the year, members of the Commission visited 25 posts. Commission meetings were also held in London and Mexico City.

The purpose of these visits, many of which are privately financed, is to inform the Commission's deliberations and judgment with a first-hand understanding of the work of public diplomacy. Commission members meet with American ambassadors, USIA's American and foreign national staffs, and opinion leaders from the host country.

The Commission also derives useful comparative insights through meetings with foreign government officials engaged in information and cultural activities. Meetings in London with the BBC and the British Council and in Mexico City with Foreign Secretary Bernardo Sepulveda and senior foreign ministry officials provided a valuable context in which to view U.S. public diplomacy activities.

Finally, the Commission seeks to extend the representational reach of the posts it visits through privately hosted luncheons and dinners for key post contacts. These events, which include journalists, government officials, business leaders, scholars and cultural figures, provide both a program opportunity for the post and a better understanding of the work of the Agency for the Commission.

A few days in one post do not permit a full assessment of its activities. In those it has visited, however, the Commission has been able to conclude that USIA is maintaining open channels of communication with significant opinion leaders and decision-makers, many of whom have no other ties to the U.S. embassy in that country.

This report sets forth the Commission's principal findings and recommendations developed during the past year. They are offered in the hope that both the Congress and those charged with the conduct of public diplomacy will benefit from them. As private citizens we believe that oversight and evaluation can contribute to the development of sound public policy, to the improvement of our nation's public diplomacy, and to better understanding of its necessity and importance by the American people.

Advisory Commission members discuss public diplomacy issues with President Reagan.

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[2] Section 8, Reorganization Plan No. 2 of 1977.

[3] During the period covered by this report, the Commission met with President Ronald Reagan, Vice President George Bush, Secretary of State George Shultz, Counsellor to the President Edwin Meese III, White House Press Spokesman Larry Speakes, Senator Charles H. Percy, Senator Claiborne Pell, Congressman William S. Broomfield, Congressman Dan Mica, Under Secretary of Defense for Policy Fred C. Ikle, General Edward L. Rowny, Under Secretary of State for Political Affairs Michael Armacost, National Endowment for Democracy President Carl Gershman, Assistant Secretary of State for Inter-American Affairs Langhorne A. Motley, Ambassador Charles Price, Ambassador John Gavin, Mexican Foreign Secretary Bernardo Sepulveda and East-West Center President Victor H. Li.

Summary of Findings & Recommendations

Television

□ The Commission welcomes the emergence of television as a major program arm of USIA and fully endorses the Agency's initiatives in utilizing communication satellites and new video technologies.

□ The Commission recommends that as a high priority USIA, with the support of other government agencies, plan for the establishment of a worldwide system of television broadcasting to enable U.S. leaders to speak directly to audiences in every region of the world.

Voice of America

□ The Commission reaffirms its support of VOA modernization and believes it is vitally important that the U.S. remain committed to a multiyear program designed to produce a strong, reliable VOA signal worldwide.

□ The Commission recommends that USIA take steps to instill a greater sense of urgency among all Agency elements involved in VOA modernization and establish a mechanism to promote communication and cooperation at the senior level Agency-wide.

□ The Commission commends VOA and those Public Affairs Officers who have initiated training programs for Third World national broadcasting organizations. The Commission recommends this effort be expanded.

Radio Marti Program

□ The Commission recommends that a reorganization plan transferring the Radio Marti Program to the Board for International Broadcasting be proposed to the Congress and that the Congress act favorably on such a plan.

Wireless File

□ The Commission welcomes USIA's decision to make computerized transmission of the Wireless File a high priority and commends the use of program evaluation techniques by Wireless File managers. Automation of the File combines one of the Agency's most effective information services with the technology of the 1980s.

Books and Libraries

□ The Commission is deeply concerned that the U.S. is not competitive in international book and library activities. Needed increases in resources for overseas American libraries and for USIA's book translation and donated book programs will require the sustained cooperation of USIA, the Congress and the private sector.

The Central American Initiative

□ The Commission fully endorses the recommendation of the Kissinger Commission that government-sponsored scholarships to bring Central American students to the U.S. be greatly increased to counter expanded Soviet bloc scholarship programs.

Research

☐ The Commission recommends that a coordinated research effort, involving all U.S. foreign affairs agencies, be organized under the direction of the National Security Council to provide the U.S. Government with timely comparative data on the cultural, information and propaganda policies and programs of the Soviet bloc and other countries.

☐ The Commission recommends that USIA increase its utilization of the Office of Research to assess the impact and effectiveness of Agency products and programs.

☐ The Commission recommends that USIA be invited to participate regularly in meetings of interdepartmental groups where options for new policies are developed and be asked routinely to assess the impact of *proposed* foreign policies.

☐ The Commission finds that USIA's resources are insufficient to provide the research capability that national security requires and that the Agency needs to make its resource management and programming more efficient.

Semantic Corruption

☐ The Commission repeats its recommendation that the National Security Council and USIA assess the problem of semantic corruption and institutionalize ways to counter misleading terminology and increase the accuracy of words and concepts in international political discourse.

Senior Vacancies

☐ The Commission recommends that the Director and the White House move quickly to fill long-standing vacancies in the positions of USIA Deputy Director, USIA Associate Director for Programs, and Director of the Voice of America.

Headquarters Controversies

☐ The Commission finds that interest abroad in recent USIA headquarters controversies was marginal and that there was no discernible adverse impact on USIA's overseas programs and activities.

☐ The Commission recommends that USIA provide clearer operational guidance on speaker selection criteria and the relationship between advocacy and education in its speaker programming policies.

☐ The Commission recommends that USIA encourage responsible internal discussion of professional public diplomacy issues and provide an appropriate forum for doing so.

Representation

☐ The Commission finds that personal contact with foreign opinion leaders is one of the most important functions of public diplomacy. A substantial increase in USIA's overseas representation funds would serve the national interest.

Congressional Grant Controls

☐ The Commission finds the requirement that Congress be notified 15 days in advance of all USIA program grants is neither necessary nor sound public policy and repeats its recommendation that the practice be discontinued.

Need for More Personnel Overseas

☐ New communications technology and program expansion, particularly in USIA's WORLDNET, educational exchange and International Visitors programs, have stretched the Agency's overseas staffs to the breaking point. The Commission strongly recommends that additional personnel be assigned to USIA's field posts.

Training for Media Interviews

☐ The Commission recommends that USIA institute a program of training to prepare senior USIA officers, ambassadors and deputy chiefs of mission for media interviews.

PUBLIC DIPLOMACY AND FOREIGN POLICY

The Value of Public Diplomacy

> *"Telling America's story to the world is a fantastic mission, because America's story is nothing more or less than the success story of freedom. The story of freedom is a threat to every tyrant and every obstacle to freedom in the world. USIA is the cheapest, safest, most important instrument of American foreign policy."*
>
> —*Jeane J. Kirkpatrick*
> *U.S. Ambassador to*
> *the United Nations*

The more we have come to understand the nature of public diplomacy, the more this Commission is convinced that Ambassador Kirkpatrick is right. Public diplomacy is indispensable to our national security and deserves to be treated with the same importance accorded to the other instruments of foreign policy. There can be few tasks more fundamental than to make sure the unique ideals for which our nation stands are understood.

Public diplomacy seeks to utilize the power of ideas and public opinion to advance foreign policy objectives and long-term national interests. To this end, the United States has conducted official information and cultural programs for many years, long before the U.S. Information Agency existed. Until recently, however, many American diplomats and policy makers did not take public diplomacy very seriously.

The public aspects of foreign policy were usually an afterthought. According to one experienced former ambassador: "In almost any one of the endless Washington meetings that determines a course of diplomatic action, the final question normally posed as the participants are rising from the table and moving toward the door is, what do we say to the press about this?" It will, he said, require "a major reorientation of attitudes among our professional as well as our political diplomats to institute a practice that considers the public dimension of a foreign policy a major part of its solution rather than another piece of the problem."[1]

That limited and purblind approach is changing through force of circumstances if not always through a change of heart on the part of diplomats. The imposing role of the media in today's world and advances in communications technology have drastically changed the rules of the diplomatic process. The secret, elite world of traditional diplomacy is largely a thing of the past.

U.S. policy makers are increasingly aware that foreign perceptions of America and its policies may influence the policies of other countries and affect the success of our own. Senior administration officials regularly take part in briefings at USIA's Foreign Press Centers and use USIA's worldwide satellite television network to explain policies and respond to questions from foreign journalists in capitals around the world. USIA participates in more and higher level interdepartmental groups involved in the conduct of foreign affairs than ever before.

In recent years, the White House press office has become more aware of the specialized communication skills of USIA's officers and the services the Agency can provide. USIA's daily reports on foreign media reaction are perused with care by Presidential press aides, and at all international conferences attended by the President, USIA's officers help organize and staff the press centers and brief the foreign press in their own languages. When the President travels abroad, USIA's officers are often called on to lead the advance parties to organize and coordinate arrangements for the media. White House Press Spokesman Larry Speakes affirmed to this Commission that he has come to rely heavily on USIA for such support.

It is still true, as we observed last

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[1] William H. Sullivan, "The Transformation of Diplomacy," *The Fletcher Forum*, Summer, 1984, p. 293.

year, that USIA is called in more often to advise on the presentation and execution of policies already decided upon than to participate in their formulation. Nevertheless, there is a receptivity to the Agency's ideas and counsel that did not exist before.

If USIA is to take advantage of this new openness and contribute in an advisory capacity to the policy making process, some adjustments in old habits will be required.

What is needed, and is often lacking among harassed policy makers, is an understanding of the history and culture of a foreign society as well as the immediate political and economic forces that are likely to influence its perceptions and attitudes in the future. This clearly is what Congress intended when it gave USIA a mission to "enhance understanding on the part of the Government . . . of the history, culture, attitudes, perceptions, and aspirations of others."[2]

USIA has many officers in posts around the world who can provide this information. But USIA must require that they report it, and the Agency in turn must ensure that their reports are timely and utilized by policy makers with available opinion research and other data. USIA's advisory role in the policy making process can make it more likely that foreign publics will support rather than oppose U.S. policies and actions.

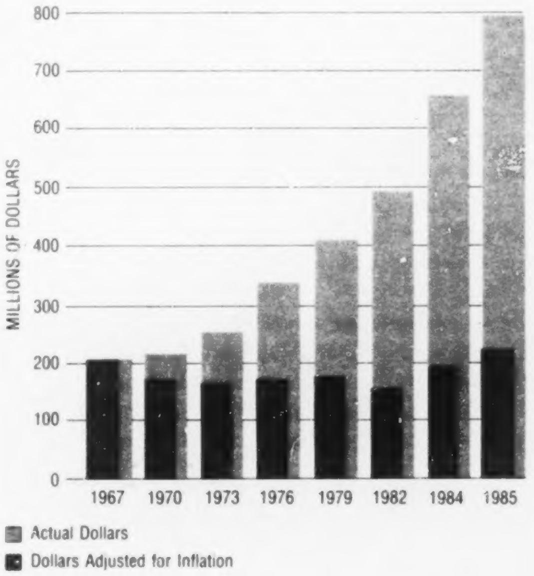
USIA's primary mission is, of course, to provide information about the United States, its policies and values to an often skeptical world. It is no small task. The strength of Communist parties and the appeal of Marxist philosophy is declining in the industrialized world, but it remains strong in much of the Third World. The Soviet Union, which devotes vastly greater resources to information and propaganda activities than we do, has greatly increased its programs in Africa, South Asia and Latin America.

The Soviets have little to teach the people of these lands about feeding themselves or developing their economies, yet they have been very successful in seeing to it that Third World problems are viewed as the fault of the "rich" countries, meaning usually the United States. The Soviets predictably seized on the tragic Union Carbide accident in Bhopal to repeat to the people of India and the Third World their old charge that U.S.-based multinational companies are an evil force. But the Soviet media neglected to mention that India's agricultural progress—in part the result of insecticides produced by Union Carbide—has enabled it to ship food surpluses to the Soviet Union. The Marxist government of Ethiopia has, typically, blamed its famine on Western countries, even though they and not the Soviet Union have been providing most of the food and other assistance.

Perhaps we should be proud that the United States is universally held to a different standard of conduct than Communist countries. America has a message to tell of freedom, human rights, and cultural and material development that the Communists cannot match.

We urge the Congress, even in this period of fiscal austerity, to provide USIA with the resources it needs to carry out its essential public diplomacy mission. Compared with the expenditures of other foreign affairs and defense agencies, additional funds for USIA would be a prudent investment in our national security.

U.S. Information Agency
Appropriations, Salaries and
Expenses, 1967-1985



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[2] Public Law 95-426

Research

Findings & Recommendations

□ The Commission recommends that a coordinated research effort, involving all U.S. foreign affairs agencies, be organized under the direction of the National Security Council to provide the U.S. Government with timely comparative data on the cultural, information and propaganda policies and programs of the Soviet bloc and other countries.

□ The Commission recommends that USIA increase its utilization of the Office of Research to assess the impact and effectiveness of Agency products and programs.

□ The Commission recommends that USIA be invited to participate regularly in meetings of interdepartmental groups where options for new policies are developed and be asked routinely to assess the impact of *proposed* foreign policies.

□ The Commission finds that USIA's resources are insufficient to provide the research capability that national security requires and that the Agency needs to make its resource management and programming more efficient.

USIA is regarded primarily as a purveyor of information about the United States to the people of other countries. Less well understood but scarcely less important is its reverse duty "to ensure that our government adequately understands foreign opinion and culture for policy-making purposes."[1]

More specifically, the Director is required to provide the President, the National Security Council and the Secretary of State with "assessments of the impact of actual and proposed United States foreign policy decisions on public opinion abroad."[2] Providing these assessments is primarily the task of the Agency's Office of Research which conducts regular surveys of foreign public opinion on important issues and current U.S. policies. It also analyzes the attitudes of influential foreign groups toward the United States.

During the past fiscal year the Office of Research conducted more than 30 surveys of foreign attitudes on security issues. More than 50 other studies dealt with public opinion in single countries about the U.S. and its foreign policies. Twelve focused on economic issues in preparation for the London Economic Summit Conference. These surveys are studied with considerable interest by the White House and the various foreign affairs agencies.

Foreign Opinion Research Advisory Committee

The Commission believes there is increasing but still insufficient consultation between decision-makers and the researchers who conduct the polls. An interagency group, the Foreign Opinion Research Advisory Committee (FORA) was established last year to coordinate, commission and review studies of foreign opinion. It is composed of mid-level representatives of USIA and the Departments of State and Defense and is chaired by an NSC officer. FORA meets monthly to discuss the most recent USIA surveys and to identify the needs of the foreign affairs community for additional opinion research data. USIA budgeted $250,000 specifically for FORA-requested studies, although virtually all the Agency's attitudinal surveys are related to issues of concern to FORA's members.

While FORA is not involved in the formulation of foreign policy, the Commission nevertheless regards it as a positive development in the wider dissemination and utilization of USIA's specialized knowledge of foreign public opinion. As we noted last year, however, the studies requested have focused mainly on assessing public reaction in Western Europe and Japan to U.S. policies and the problems of building support for them. Rarely has USIA participated in those meetings of interdepartmental groups where options for new policies are developed; rarely

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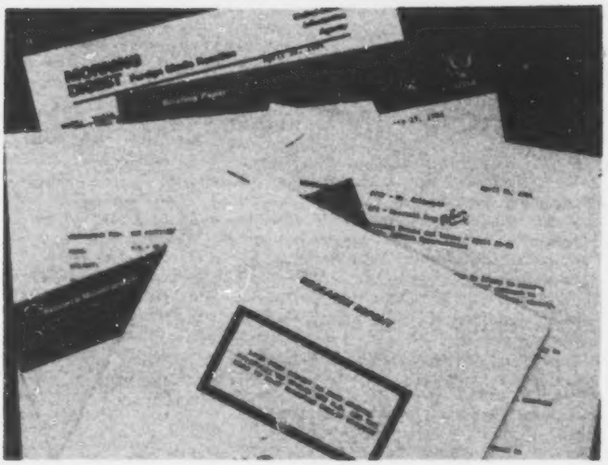
[1] Presidential Memorandum of March 13, 1978.

[2] Executive Order 12048, March 27, 1978.



has it been requested to assess the impact of *proposed* foreign policies as called for by the Executive Order.

Such assessments should not be limited only to opinion polls. They should provide the policy planners insight into the historical and cultural factors and perspectives that would influence the reaction of foreign people to our proposed course of action. For the most part, as former USIA Director Edward R. Murrow ruefully observed, the Agency continues to be excluded from the take-offs but is regularly called in to help with the crash landings.

To the extent that limited funds have permitted, research has provided program managers with useful planning information. During the past year, the Office of Research conducted eight studies of VOA listeners to determine audience size and preferences in different countries and areas. The Office of Research also completed studies of communications systems and media habits in ten countries. Such studies are of considerable value to PAOs in their planning and should be made in all priority countries.

Comparative Studies

The Office of Research occasionally conducts studies of Communist international broadcasting. It has a small staff that assembles a large amount of information gathered by USIA's field posts from public sources on overt Soviet cultural activities. This information is summarized in an annual report. The Agency's Bureau of Educational and Cultural Affairs, using information obtained from other U.S. Government agencies, produces estimates of the number of Soviet bloc exchanges worldwide and by geographic region.

This information is interesting and valuable, but the net result is rather frustrating. The data tend to be uneven, most more than a year old and based, necessarily, more on estimates than on hard facts. It is inevitably incomplete, since it deals primarily with Soviet overt programs and very little with the vast range of Soviet covert propaganda activities. It is, in fact, merely the tip of the iceberg.

This Commission believes the U.S. Government should have as full a picture of foreign cultural, information and propaganda programs as it does of foreign military and diplomatic activities. All U.S. foreign affairs agencies should be tasked to contribute to this effort. USIA's Office of Research should, with the cooperation of the Department of State and other agencies, be given the assignment of collecting and analyzing the unclassified data. In the Commission's view, the value of such information for establishing policy priorities and long-range public diplomacy program planning will more than justify the effort.

Need for Program Evaluation

This Commission has long felt that Agency managers should systematically utilize the capabilities of research to assess the impact and effectiveness of Agency products and programs. We are aware that there is more than a little resistance to this idea in some Agency elements. In addition to VOA listener surveys, infrequent but useful studies of some Agency publications have been made. Marketing studies and surveys of consumer preferences have long been standard business management tools. We believe that Agency resource managers and program planners should develop a comprehensive method for the systematic evaluation of their programs.

The Office of Research has requested funds and staff to establish a unit to perform this function. This unit's research would not only support the substantial increase in VOA's worldwide broadcasts, but also evaluate the effectiveness of the new programs of the rapidly growing Television Service and the vastly expanded exchange programs. It would also assess various Agency media products. Given the rapid and needed growth of a number of major Agency programs and the expenditure of considerable sums of money, a system of objective assessment and evaluation is needed.

The resources for research for FY 1985 were increased by approximately $1 million. The overall budget of $4.7 million is nevertheless insufficient to provide the research capability national security requires and that USIA needs to make its programming and resource management more efficient. We recommend that the Agency give this function a high priority and that Congress appropriate the necessary funds.

Semantic Corruption

Findings & Recommendations

- The Commission repeats its recommendation that the National Security Council and USIA assess the problems of semantic corruption and institutionalize ways to counter misleading terminology and increase the accuracy of words and concepts in international political discourse.

In its previous report, the Commission addressed the problem of systematic distortion by the Communists of the meaning of certain words to confuse and mislead in international political discourse. The misuse by Communist propagandists of such positive words as "peace," "democratic," "liberation" and "people," to mention only the most obvious, often succeeds in concealing or confusing the real nature of the movements or regimes described. Our adversaries have been much more aware of the importance of semantics in conveying ideas and perceptions than have we.

As Senator Daniel P. Moynihan has observed:

> *"Simply put, semantic infiltration is the process whereby we come to adopt the language of our adversaries in describing political reality. The most brutal totalitarian regimes in the world call themselves 'liberation movements.' It is perfectly predictable that they should misuse words to conceal their real nature. But must we aid them in that effort by repeating those words? Worse, do we begin to influence our own perceptions by using them?"*[1]

U.S. political leaders and journalists need to display more sensitivity to the nuances and accuracy of words and concepts. And systematic government efforts to counter misleading terminology must be increased.

Last year the Commission recommended that an interagency task force be created under the National Security Council to assess the problem and devise means to respond. The NSC's International Information Committee and USIA have tentatively addressed the problem.

A telegram was sent to all U.S. missions abroad instructing them to be alert to the problem. Copies of a lexicon of Marxist-Leninist terminology have been sent to USIA's overseas posts for possible placement. The Television Service is planning a video cassette on "the use of words and concepts in the battle of ideas," and the USIA magazine ***Problems of Communism*** has been requested to commission articles on the use of words by Communist propagandists. Finally, a scholar has been engaged to produce a series of short analyses of specific concepts and terms which have been misused by the Soviets.

These are promising projects and a necessary first step, but to the Commission's knowledge nothing has been produced. Meanwhile, the problem of semantic corruption remains. The Commission continues to believe that it is important and that it should be dealt with on a systematic and continuing basis.

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[1] *Policy Review*, Spring, 1979.

MEDIA AND PROGRAMS

Television

Secretary of State George Shultz holds a press conference organized by USIA in Mexico City.

Findings & Recommendations

□ The Commission welcomes the emergence of television as a major program arm of USIA and fully endorses the Agency's initiatives in utilizing communication satellites and new video technologies.

□ The Commission recommends that as a high priority USIA, with the support of other government agencies, plan for the establishment of a worldwide system of television broadcasting to enable U.S. leaders to speak directly to audiences in every region of the world.

The past year has seen television emerge as a major program arm of USIA. Making innovative use of the latest satellite communications technology, the Agency is creatively exploiting the potential of this powerful medium for communicating with foreign audiences.

WORLDNET

A new era for USIA in global communication and telepress-conferencing was opened in November 1983, when the Agency launched its own satellite television network—WORLDNET. Initially beamed to five U.S. embassies in Western Europe, WORLDNET currently consists of four regional networks reaching nearly 30 countries in Western Europe, East Asia, Africa, Latin America and the Middle East. An Arabic language service will be added this year. The Agency hopes eventually to expand the system to link all American embassies in the network.[1]

WORLDNET permits U.S. policy makers and other leading figures to speak to foreign TV audiences about the vital issues of the day. Through one-way video, two-way audio discussions, foreign journalists can, in turn, question American officials directly during hour-long interviews. Among the U.S. officials who have been interviewed are Secretary of State George Shultz, Defense Secretary Caspar Weinberger, UN Ambassador Jeane Kirkpatrick, Treasury Secretary Donald Regan, Agriculture Secretary John Block, Joint Chiefs of Staff Chairman General John W. Vessey, Senator Richard Lugar, National Security Advisor Robert McFarlane and many others. Belgian Foreign Minister Leo Tindemans and West German Chancellor Helmut Kohl are among the foreign leaders who have participated in these programs.

President Reagan's speech to the United Nations in September 1984 was carried live via satellite to participating posts in Europe and was followed by a question-and-answer session with Under Secretary of State Michael Armacost and European journalists. The President's subsequent speech to the IMF IBRD was also telecast live by satellite to European and Latin American posts and was followed by a similar interactive discussion with Treasury Under Secretary Beryl Sprinkel. Foreign coverage of both programs was extensive.

Except for Presidential speeches, use and coverage of WORLDNET programs in Europe have been uneven, but they have been regularly and widely shown and reported in Africa, Asia and Latin America.

During the past year more than 45 programs have been transmitted over WORLDNET, and the program budget has been increased from $3.4 million in FY 1984 to $12.6 million in FY 1985. The overall budget for television in FY 1985 is $28.8 million, an increase of about $12.1 million over FY 1984.

Increasing the frequency of WORLDNET programs and broadening the scope of the subjects presented attest to the usefulness and adaptability of this new technique. Refinements will improve a system that has already demonstrated its effectiveness.

A word of caution is in order, however. From inspection trips to overseas posts and many meetings

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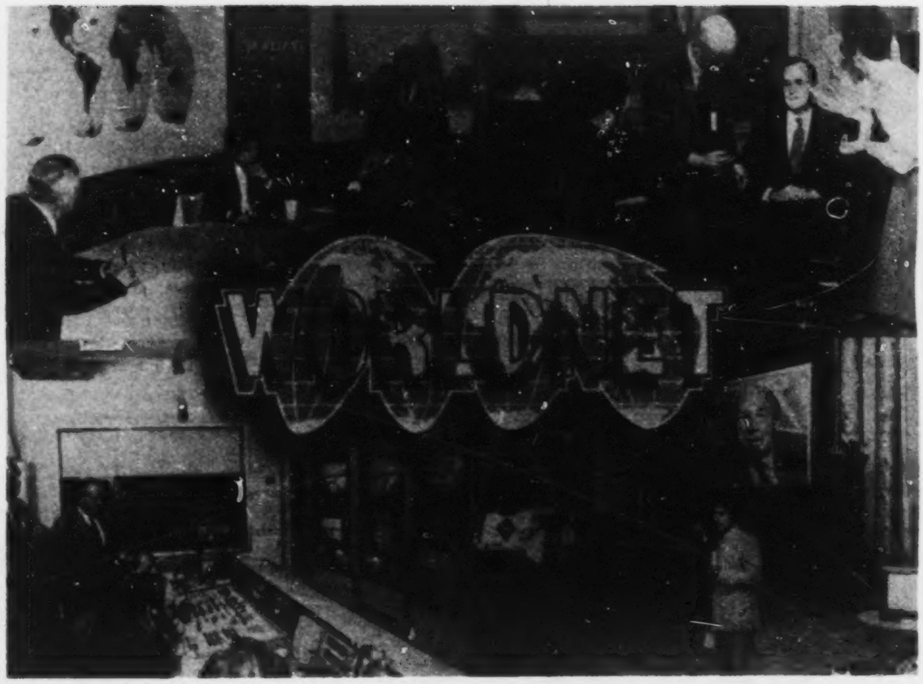
[1] All of the programs broadcast so far have been through the Intelsat system in cooperation with local post and telephone organizations (PTTs). Negotiations are underway in a number of countries to allow USIA to place dish antennas on the roofs of our embassies to receive the Agency's satellite transmissions directly without going through local PTTs. This will result in considerable savings.



with PAOs, it became clear to the Commission that the novelty of the technological aspects of WORLDNET has begun to wear off. The appearance of high-level American officials is no longer enough to assure prime-time foreign coverage unless the interview produces some genuine news. The subjects presented must respond closely to the interests of each country or region and to the needs of the posts if they are to continue to command an attentive audience. This will require greater consultation between USIA's television program planners and its field officers.

WORLDNET programs demand a great deal of overseas staff time and effort. The expansion of the television programs, while certainly to be encouraged, will place severe burdens on already understaffed and overworked posts. We noted in our last report that "the Agency's overseas staffing has been reduced below the level where new programs can be accommodated. . . ." With the expansion of television and other Agency activities (most notably exchanges), it is imperative that posts be given additional American and foreign employees if these important programs are to succeed.

Other Program Initiatives

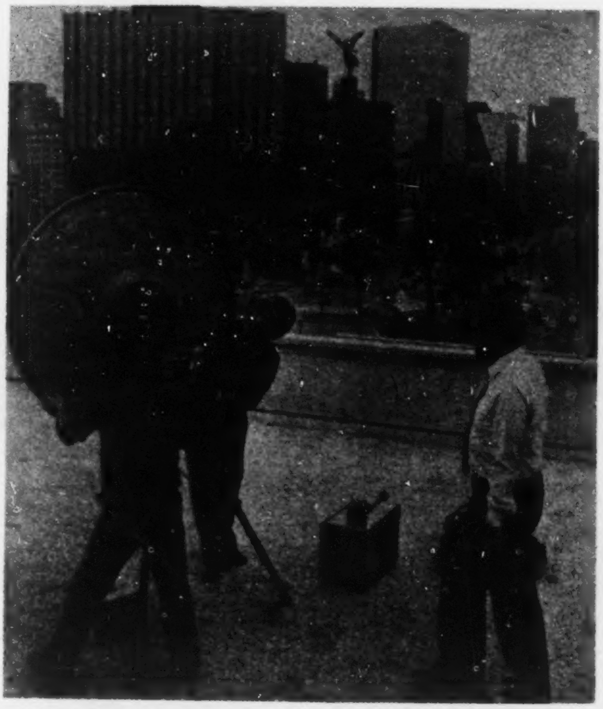
Another form of satellite interview, the so-called Video Dialogue, designed to meet specialized needs of individual posts, has also been very successful. This is a one-way video, two-way audio link between USIA's Washington studios and a foreign television network or station in which U.S. spokesmen are interviewed on major issues. The interview is usually carried live by the foreign station or taped for later use. Since the foreign broadcaster in most cases pays for both the up-and-down-link satellite charges, there is no cost to the USIA post, and usage is assured.

The Television Service provides a wide range of other programs and services. TV Satellite File is a weekly, half-hour magazine-type program of features and news. Approximately 90 posts are subscribers to the File, and 28 foreign correspondents in the U.S. receive videotape recordings (VTRs) through the Agency's Foreign Press Centers for direct reporting to their countries.

In addition, VIZNEWS and UPITN, the world's largest TV news syndicators, are provided with VTRs of the Satellite File for syndication to their clients around the world. Stories or items from the File are used extensively by many television stations, especially in Asia, Africa and Latin America, to augment their own programs.

Science World, a monthly program on the latest U.S. scientific developments, is distributed to USIA's posts in 84 countries. This highly successful program is produced at a very modest cost (less than $4,000 per show including French, Arabic and Portuguese language versions) thanks to the cooperation of private American companies which furnish a great deal of film and videotape material for Agency use. Several Science World programs have received international awards.

There are other heartening examples of private sector cooperation and assistance. The Agency has obtained for overseas use a large number of valuable commercial films and



USIA installs a dish antenna on the American embassy in Mexico City for a WORLDNET transmission.

television programs. They include the composite stories from the ABC World News Tonight, the Phillip Morris collection of cultural and sports programs (14 thus far), 22 programs from the Coca-Cola library, Beverly Sills' New York City Opera "La Traviata," the popular science series, "Omni: The New Frontier" and many others. These useful additions to the Agency's program resources have been received enthusiastically by overseas posts.

The Television Service's assistance to foreign TV producers continues to generate much good will as well as favorable prime-time shows. Some foreign TV stations may be reluctant to use Agency-produced programs, but they are delighted to have USIA's assistance to produce their own. Over the past year, the TV coproduction unit worked on 28 major foreign productions. On a few projects, USIA's posts made financial grants (from $2,000 to $10,000) to foreign broadcasters.

Capitalizing on the tremendous growth in home video, USIA has established videotape libraries at ten selected posts in five geographical areas. Each has received 80 titles to start. If financial resources permit, this project will be expanded to include all principal posts with a catalogue of up to 1,000 titles.

The Television Service cooperates closely with USIA's Foreign Press Centers in the United States. It also supports the Agency's speakers program in producing various forms of electronic dialogues with overseas posts. The Television Service played a major role in explaining to foreign audiences the uniquely American system of nominating Presidential candidates, conducting campaigns and electing a President.

The various programs and activities of the Television Service mentioned above are examples of the creative use being made of this versatile and powerful medium. It is important to note, however, that the Agency is still in the early, experimental stage of international satellite communication. Different formats and concepts are being explored. Given the increasing importance of satellite communication to USIA—indeed to the whole concept and conduct of public diplomacy—it is essential to experiment, to be tolerant of occasional failure, and to learn how best to use and adapt this new medium to provide the capability national interests require.

Communication satellites and the rapid development of new communication technology are bringing profound changes to USIA and the ways it communicates with foreign audiences. Many such changes are already apparent; more are on the way. Direct television transmissions to some American embassies, without going through local land lines, will begin in 1985. In a few years USIA and the Department of State will be able to communicate with most embassies in this manner. Two-way video links between Washington and the major field posts also will almost certainly be established in the years ahead. Teleconferencing will be a routine practice for both the Department and the Agency. And communications experts confidently expect that satellite broadcasts across international borders directly into homes is just a matter of time.

This Commission believes the United States Government should actively plan and work toward the establishment of a worldwide system of television broadcasting to enable U.S. leaders to speak directly to audiences in every region of the world. We recognize that for technical, legal and budgetary reasons, it is unlikely the goal of a worldwide direct broadcast service can be reached soon, but every effort should be made to achieve it within the next decade. Establishing such a system, with the full development of satellite technology for international communication, should be a high priority for USIA with the active support of other involved government agencies.

We commend Director Wick and the Agency's television professionals for their creative and innovative efforts to develop the full potential of this powerful new system of international communication.

Voice of America

Findings & Recommendations

- The Commission reaffirms its support of VOA modernization and believes it is vitally important that the U.S. remain committed to a multi-year program designed to produce a strong, reliable VOA signal worldwide.

- The Commission recommends that USIA take steps to instill a greater sense of urgency among all Agency elements involved in VOA modernization and establish a mechanism to promote communication and cooperation at the senior level Agency-wide.

- The Commission commends VOA and those Public Affairs Officers who have initiated training programs for Third World national broadcasting organizations. The Commission recommends this effort be expanded.

- The Commission recommends that a reorganization plan transferring the Radio Marti Program to the Board for International Broadcasting be proposed to the Congress and that the Congress act favorably on such a plan.

The United States communicates directly with the people of the world by radio through the Voice of America. Broadcasting in 42 languages, VOA provides news, thought-provoking programs and statements of U.S. policies to an estimated weekly audience of 110 million listeners, many of whom are unreachable in any other way.

VOA's mission and importance to public diplomacy has been summed up well by President Reagan:

"By giving an objective account of current world events, by communicating a clear picture of America and our policies at home and abroad, the Voice serves the interests not only of the United States but of the world . . . We are justifiably proud that, unlike Soviet broadcasts, the Voice of America is not only committed to telling its country's story, but also remains faithful to those standards of journalism that will not compromise the truth."[1]

Last year the Commission noted with approbation that a historical pattern of neglect of VOA had been arrested and reversed. With the support of President Reagan and the Congress, VOA has undertaken new program initiatives and has begun the long overdue modernization of its facilities and transmitting equipment. The Commission welcomes the emerging national consensus that has led to increased Congressional support for VOA modernization. It is vitally important that the U.S. remain committed to a multi-year program designed to produce a strong, reliable VOA signal worldwide.

Program Enhancement

Increases in VOA's operating budget in 1984 led to program expansion and qualitative improvements.

VOA increased its language service broadcasting in Azerbaijani (Soviet Union), Amharic (Ethiopia), Dari and Pashto (Afghanistan), and Hausa (Nigeria). An hour-long program in Ukrainian to the Soviet Far

VOA's news room operating 24 hours a day, seven days a week produces copy for more than 300 daily newscasts and summaries. News from all major news agencies is supplemented by reports from 38 VOA correspondents in the U.S. and overseas.

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[1] Remarks of President Ronald Reagan at a ceremony marking the 40th anniversary of the Voice of America.

East was also initiated. By the end of 1984, VOA was broadcasting more than 989 hours weekly, an increase of 23 hours per week during the year.

News operations were expanded with the addition of news bureaus in Islamabad, Geneva, Central America, Boston and Houston. The VOA Bureau in Rome was reopened.

Enhanced resources have also increased program quality. Additional staff, creativity incentives, new professional development programs, the first comprehensive "VOA Handbook" establishing uniform standards for program development and production, and a permanent computerized system for news and programming are all positive steps.

Daily editorials—clearly identified and distinguished from VOA's news reporting—continue to present unequivocal statements of U.S. Government policy. The Commission examined VOA's editorials closely during the year, and it continues to find them an effective means of implementing VOA's Charter. The Commission welcomes recent efforts to tailor them to different regions of the world.

Efforts to increase audience participation also reflect a new vitality in VOA's programming. *Voice*, a bimonthly listener magazine, has a worldwide circulation of 97,000 after its first full year of publication. Language editions are planned. "Talk to America," a worldwide call-in show featuring prominent Americans, is a new and promising program format. Automated equipment in a new Office of Audience Relations has increased VOA's capacity to analyze and respond to listener mail. Exhibits prepared by VOA's graphics design staff accompany traveling VOA program personalities and help to make VOA a more tangible presence with listening audiences.

In a modest way, VOA has undertaken in the past year to work with Public Affairs Officers in several Third World countries to provide training for other national broadcasting organizations.

It conducts training seminars in Washington for foreign broadcasters,

At a White House ceremony, U.S. and Moroccan officials sign an agreement for a new Voice of America shortwave relay station in Tangier. Shown (from left to right) are Moroccan Prime Minister Mohamed Karim-Lamrani, Minister of Information Abdellatif Filali, President Reagan and USIA Director Charles Z. Wick.

Why VOA Needs to Modernize

□ More than 80% of VOA's 108 transmitters are 15 years old or older. More than 35% are 30 years old or older.

□ VOA has six 500 KW superpower transmitters (actually combinations of aging 250 KWs) compared to 37 500 KWs used by the Soviet Union. France has eleven, West Germany nine and Great Britain eight.

□ VOA broadcasts 989¾ hours per week. Radio Moscow broadcasts more than 2,175 hours weekly.

□ VOA broadcasts in 42 languages; Radio Moscow broadcasts in 81.

□ In international broadcasting hours, VOA ranks fifth in hours to Africa; fifth in hours to Latin America and the Caribbean; sixth in hours to Eastern Europe and sixth in hours to East Asia.

□ VOA manufactures its own replacement parts for some of its antiquated equipment, because many spare parts are no longer manufactured.

and it recently has begun to send radio professionals abroad to provide advice on programming, engineering and broadcasting techniques. The Commission, which has observed this program abroad, endorses this initiative and strongly recommends it be expanded.

These improvements have received less public attention than the much needed modernization of VOA's technical capability. Nevertheless, the revitalization of the Voice of America's programming is a noteworthy achievement. The Commission commends those broadcasting professionals who are responsible.

Modernization

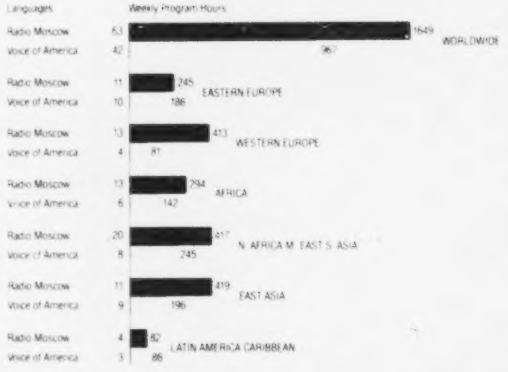
The Commission is pleased that a sustained national commitment now exists to make VOA technically competitive with the world's international broadcasters. The case for VOA modernization has been made in past recommendations of this Commission, by the General Accounting Office, and in policy directives of the National Security Council. As President Reagan has observed:

> *"Were it not for many years of neglect, the Voice of America could be heard more clearly by many more people around the globe. And that's why our Administration has made the same kind of commitment to modernizing the Voice of America that President Eisenhower and President Kennedy brought to the space program."*[2]

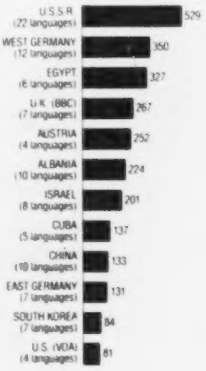
Congress has responded with strong bipartisan support and resources, for which the Commission expresses its appreciation. In Fiscal Years 1984 and 1985, Congress appropriated $116 million for the acquisition and construction of radio facilities.

To carry out this mandate, USIA has developed a multi-year modernization program now estimated to cost $1.8 billion. Included are plans for major construction projects at new and existing relay stations and plans to expand and rehabilitate VOA's broadcasting facilities to meet higher technical performance stan-

Radio Moscow & VOA

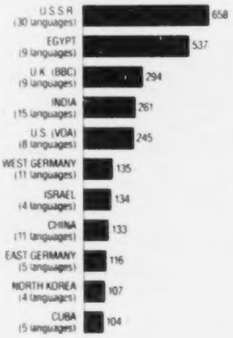


The Major Broadcasters: Weekly Program Hours to Western Europe



Includes broadcasts which are simultaneous to Western Europe and other world areas

The Major Broadcasters: Weekly Program Hours to North Africa, the Middle East & South Asia



Includes broadcasts which are simultaneous to North Africa, The Middle East, South Asia and other world areas

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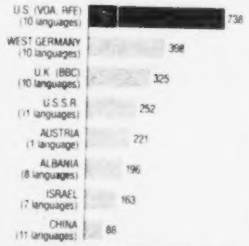
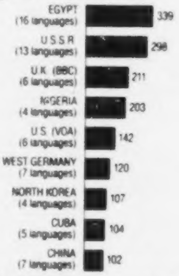
[2] Remarks by President Ronald Reagan at the signing ceremony for a Voice of America agreement with Morocco, March 1, 1984.



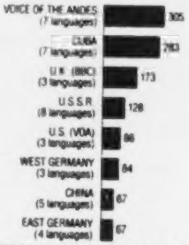
The Major Broadcasters: Weekly Program Hours to Eastern Europe

Includes broadcasts which are simultaneous to Eastern Europe and other world areas



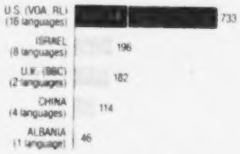
The Major Broadcasters: Weekly Program Hours to Africa

Includes broadcasts which are simultaneous to Africa and other world areas



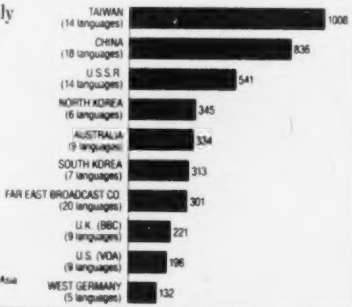
The Major Broadcasters: Weekly Program Hours to Latin America & The Caribbean

Includes broadcasts which are simultaneous to Latin America, the Caribbean and other world areas



The Major Broadcasters: Weekly Program Hours to the Baltics & the USSR

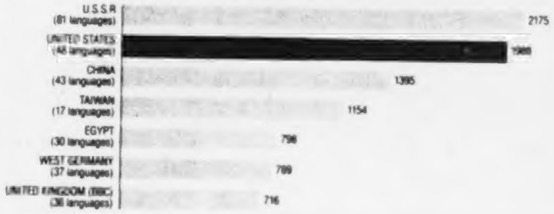
Includes broadcasts which are simultaneous to the Baltics the USSR and other world areas



The Major Broadcasters: Weekly Program Hours to East Asia

Includes broadcasts which are simultaneous to East Asia and other world areas

The Major Broadcasters: Weekly Program Hours – Worldwide



dards. In addition, VOA plans new language services and increases in program hours. The Commission urges continuing National Security Council review of these plans to ensure that decisions are based on the facilities needed and not on artificial budget constraints.

The Commission is encouraged by these developments, and we recognize that overcoming decades of neglect is not an easy task. But the balance sheet on *implementation* so far is mixed.

Some progress has indeed been made. The Commission is pleased that USIA successfully negotiated agreements to construct new shortwave facilities in Sri Lanka, Morocco and Thailand. The Sri Lanka agreement provides for up to six 500 KW and one 250 KW shortwave transmitters. The Morocco agreement contemplates up to ten 500 KW transmitters. Six 500 KW and one 250 KW transmitters are planned for Thailand.

Agreements have also been concluded for medium wave transmitters in Costa Rica and Belize, the first of a series of such stations planned for Central America and the Caribbean. VOA's Costa Rica transmitter went on the air in January 1985, only five months after the conclusion of negotiations. Belize transmission is scheduled to begin in July 1985.

USIA is currently engaged in negotiations and prenegotiation discussions with other governments for medium and shortwave relay sites. The Commission recognizes that site negotiations can be complex and time-consuming. Many countries, including a number of our allies, are unwilling to accept VOA facilities. The stakes are high, and progress depends on many factors beyond the control of USIA's negotiators.

Four new studios were brought on line at the VOA headquarters building in 1984. Further renovation of studios and replacement of vacuum-tube equipment in VOA's Master Control center is scheduled for 1985. Long-range space problems continue to impede the modernization process, however, and the Commission strongly supports the timely implementation of agreements to provide additional space to VOA in its headquarters building.

VOA has also begun the task of identifying overall performance requirements for an integrated worldwide broadcasting system. This analysis is necessary before construction can begin. There is merit in the view that inadequate planning and piecemeal approaches in the past have not met VOA's needs, and the Commission endorses the commitment to a comprehensive, systematic approach that now characterizes the modernization program.

At the same time, the Commission is concerned that USIA is not moving quickly enough into the construction and implementation phase of the modernization process.

Funds are not being expended as rapidly as Agency estimates had predicted. In FY 1984, USIA spent $7.8 million, or eight percent of the current and carryover funds in its radio construction account. Congress has appropriated an additional $85 million for modernization in FY 1985, thereby increasing available funds to $174 million.

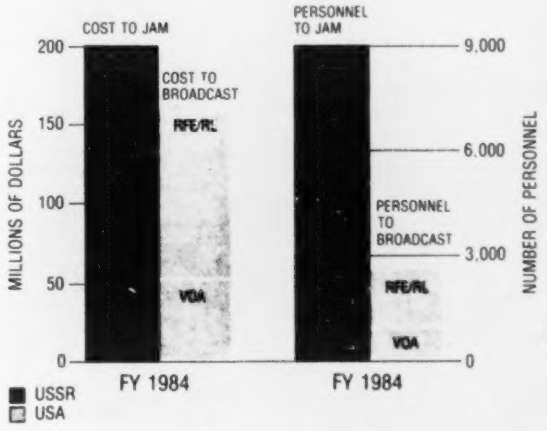
The Commission is concerned too about other problems. Within USIA, delays in awarding contracts, poor internal Agency communication, turf battles, and a sense of business as usual have played too large a part in the modernization process to date. These problems are within the Agency's control.

Senior USIA officials are aware of these problems, and the Commission is pleased that in recent months progress has been made in dealing with them. The Agency's decision to create the position of VOA Deputy Director for Modernization is a positive development. At the same time, modernization is not just an internal VOA matter. It involves Agency-wide legal, contractual and resource management undertakings, the cooperation of other government agencies, and the informed oversight of Congress.

The Commission recommends that USIA take steps to instill a greater sense of urgency among all elements involved in VOA modernization and establish a mechanism to promote communication and cooperation at the senior level Agency-wide.

The Soviet Union spends more to

Soviet Jamming Vs. U.S. Broadcasting
To the Soviet Union and Eastern Europe



jam U.S. broadcasts than the combined budget for VOA, Radio Free Europe and Radio Liberty. And VOA's signal is weak and inconsistent in many parts of the world, notably the Middle East, Soviet Central Asia, and northwest, central and southern Africa.

A national consensus exists to increase VOA's transmitter power and signal strength. We do not wish to see public dollars spent unwisely. And we are mindful of the need for prudence and the wise commitment of resources in meeting this need. It is time, however, to get on with the job before audiences are lost to more aggressive competitors.

Radio Marti Program

Congress passed the Radio Broadcasting to Cuba Act establishing the Voice of America's Radio Marti Program in October 1983. Preparations for this new VOA service have been underway for the past year.

The Radio Marti Program is an ambitious undertaking, and delays in putting it on the air have occurred for a number of reasons. It has been difficult to recruit and obtain security clearances for employees to fill the 188 authorized positions, most of which require Spanish language skills, area expertise and broadcasting talent. Construction of Washington studios, installation of a link with the transmitter site at Marathon, Florida, and locating office space in Miami, New York and Washington have also taken time.

Ambiguities in the law have created confusion over the Radio Marti Program's intended mission and programming policies. Many Congressional sponsors view it as a "surrogate radio station" or "home service" for the Cuban people. The legislation itself contains a Congressional finding that "there is a need for broadcasts to Cuba which provides [sic] news, commentary and other information about events in Cuba and elsewhere to promote the cause of freedom in Cuba."[3]

At the same time, four members of the U.S. Senate have informed USIA's Director of their view that "the Cuba Service is part of the official radio of the United States—the VOA—and can in no way be construed as anyone's home service or surrogate station."[4] The law provides that the broadcasts "shall be part of the Voice of America radio broadcasting to Cuba and shall be in accordance with all Voice of America standards to ensure the broadcast of programs which are objective, accurate, balanced, and which present a variety of views."[5]

Congressional intent is indeed ambiguous, and members of Congress clearly have incompatible points of view as to the purposes of the Radio Marti Program. This understandably has made it difficult for USIA to implement the legislation.

The Commission repeats its previous finding that the decision to place the Radio Marti Program within the Voice of America is not sound public policy and sets a precedent of uncertain consequence. We do not argue against Radio Marti as a separately funded organization administered by the Board for International Broadcasting. We do, however, continue to oppose placing surrogate broadcasting activities within VOA.

In signing the Radio Broadcasting to Cuba Act, President Reagan stated: "I would have preferred to place Radio Marti under the Board for International Broadcasting instead of the Voice of America, because the distinct nature of its mission is akin to that of Radio Free Europe and Radio Liberty."[6] The Commission agrees. We recommend that a reorganization plan transferring the Radio Marti Program to the Board for International Broadcasting be proposed to the Congress and that the Congress act favorably on such a plan.

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[3] Public Law 98-111.

[4] Letter to USIA Director Charles Z. Wick from Senators Lowell Weicker, Roger W. Jepsen, Charles E. Grassley and Edward Zorinsky, February 9, 1984.

[5] Public Law 98-111.

[6] Statement of President Ronald Reagan, October 11, 1983.

The Wireless File

Findings & Recommendations

- The Commission welcomes USIA's decision to make computerized transmission of the Wireless File a high priority and commends the use of program evaluation techniques by Wireless File managers. Automation of the File combines one of the Agency's most effective information services with the technology of the 1980s.

Since 1935, the United States has without interruption transmitted policy statements and interpretive material to American embassies throughout the world via a radioteletype network known as the Wireless File. Information on the File is used for media placement, distribution to foreign opinion leaders and as background for U.S. mission personnel.

The File is prepared by USIA's Washington staff and is transmitted in five regional editions five days a week. English transmissions average 20,000 words per day. There are also Spanish, French and Arabic versions.

The Wireless File has proven its value to public diplomacy. Ambassadors, Public Affairs Officers and foreign journalists have repeatedly told members of this Commission that the File is one of the most valuable information services provided by the Agency.

The Commission has closely reviewed a recent in-depth study of the File in Europe prepared by former UPI correspondent Frank Tremaine. The Tremaine report notes areas of needed improvement, but concludes that the File is "doing a good job with the West European print media with the tools now available." Without exception, the foreign editors and writers interviewed found the File to be "the most valuable thing they receive from USIA."[1]

The Tremaine report recommended that the File could be improved through (1) implementation of a modern news editing and reproduction system to provide more timely delivery, (2) tailoring the File more closely to the needs of the print media, and (3) providing the funds and time necessary to permit USIA's field officers to improve and expand their personal contacts. The Commission is pleased that USIA has moved to implement these and other related recommendations.

The Commission especially welcomes USIA's decision to make computerized transmission of the File a high priority. The results are impressive. By the end of 1984 the Agency had installed automated equipment and minicomputers in 57 posts. Computerized transmission enables delivery of the File in about 15 minutes, compared with three to four hours for radioteletype, with virtually none of the garbles typical of the latter. Electronic editing, storage capability, retransmission to branch posts and post-initiated retrieval at times of its choosing have transformed the Wireless File. Access to the White House News Summary, quicker submission of foreign media reaction reports and word processing in a number of languages, including Arabic, are additional advantages of computer technology.

Comments from two USIA posts are typical. Stockholm recently reported that computer-to-computer transmission "revolutionized our handling of the Wireless File—enabling rapid editing, reformatting, and printing." Beijing found it can "almost triple its information output in a timely manner."

Elsewhere in this report and in many reports over the years, the Commission has strongly urged USIA to undertake routine systematic program evaluation. The Agency's overall record in this area still is not good. The managers of the Wireless File, however, are exceptions to this pattern. Showing a positive approach to program evaluation, USIA's Wireless File and data processing professionals have combined one of the most effective tools of public diplomacy with the communications technology of the 1980s.

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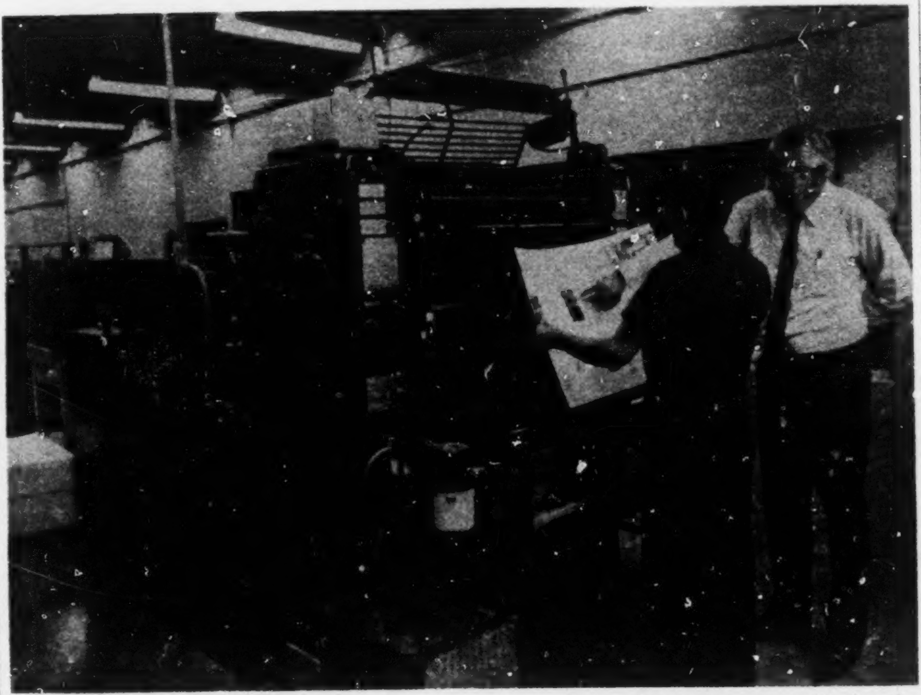
[1] Frank Tremaine, "The U.S. Information Agency and the Western European Print Media," January 2, 1984.

Foreign Press Centers

USIA operates Foreign Press Centers (FPCs) in Washington, New York and Los Angeles. These Centers provide foreign journalists—both resident correspondents and those visiting on working assignments—with comfortable facilities and a variety of services to help them report on the American scene. (There are approximately 540 resident foreign journalists in Washington, 600 in New York and 200 in Los Angeles.) Each Center has a briefing area and a lounge stocked with American periodicals and reference materials. There are typewriters, telephones and telex machines, as well as video and audio equipment.

Press Center personnel responded in 1984 to substantially more than one thousand requests—many passed on by USIA's posts overseas—from foreign journalists for assistance with specific assignments. Such assistance ranges from help with information sources and setting up appointments to arranging complex programs for individuals, groups of journalists and camera teams. The number of requests for assistance has tripled in the last three years, due in part to coverage of the elections and the Olympics.

Briefings are an important part of the information program offered foreign correspondents. Administration leaders have become increasingly aware of the importance of what the foreign media report about their policies and programs. There has been, accordingly, a growing willingness



USIA publishes 10 magazines and other publications in 18 languages, most at Regional Service Centers in Manila and this one in Mexico City.

on their part to come to the Centers and talk to members of the foreign press. On an average of three times a week, top U.S. officials and other noteworthy Americans meet with the foreign press at the Washington Press Center or in certain cases with FPC-assisted groups at other sites. Similar but less frequent briefings are held at the New York and Los Angeles Centers. USIA's posts are notified of these briefings in advance and asked to supply media reaction. Transcripts of the briefings are prepared for correspondents and sent to the posts by Wireless File.

With the cooperation of USIA's Television Service, experienced TV producers, with minicam crews on call, are assigned to the three Press Centers to assist foreign journalists. New facilities at the Washington Center enable video cassette recordings to be made of on-the-record briefings and one-on-one TV interviews with senior officials for use by the correspondents' home stations or networks. TV journalists can also obtain stock footage and reels of short news clips on important subjects for use on their news programs. White House and State Department press briefings are piped into the Centers every day and, on Tuesdays and Thursdays, the Pentagon briefings. These are open to all foreign correspondents and are taped for later use by those who may not have been able to attend.

Journalists at work at a USIA Foreign Press Center.

Foreign Press Center Briefings

Among the U.S. officials who participated in briefings at USIA's Foreign Press Centers during the past year are:

Arms Control and Disarmament Agency Director Kenneth L. Adelman

Chief of Staff and Assistant to the President James A. Baker III

Secretary of Commerce Malcolm Baldrige

Washington, D.C. Mayor Marion S. Barry, Jr.

Secretary of Agriculture John R. Block

U.S. Trade Representative William E. Brock

Deputy Secretary of State Kenneth W. Dam

Under Secretary of State for Political Affairs Lawrence S. Eagleburger

Chairman of the Council of Economic Advisors Martin Feldstein

U.S. Ambassador to the United Nations Jeane Kirkpatrick

Secretary of the Treasury Donald Regan

Special Representative for Negotiations ACDA General Edward L. Rowny

Attorney General William French Smith

Under Secretary of the Treasury for Monetary Affairs Beryl Sprinkel

Secretary of Defense Caspar Weinberger

Tours for small groups of resident foreign correspondents are arranged by the Centers on a wide range of topics throughout the United States. The Centers also assist with intensive working tours by visiting journalists, sponsored by USIA posts, focusing on issues of priority concern. In 1984, the Centers organized tours on NATO, science and technology, and security issues in Central America, among other subjects. The bulk of the tours this past year, however, dealt with the Presidential elections.

Because of the ban on the domestic dissemination of Agency program materials,[1] access to the Foreign Press Centers can be granted only to those journalists who provide news and information exclusively for foreign distribution.

In the judgment of experienced USIA officers familiar with the foreign media, the programs offered by the Foreign Press Centers have substantially improved the working relations between U.S. officials and resident foreign journalists. The Centers have also facilitated more accurate and informed reporting on specific Administration policies and programs and on the American scene in general. The Commission regards this as an important and laudatory operation and commends all those responsible for it.

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[1] 22 U.S.C. 1461

Major Events in 1984

USIA employs a broad range of media and communication techniques to carry the message of America to the world: radio and television broadcasting, the press, books, libraries, publications, speakers, exhibits, international visitors, cultural presentations and academic programs. Three major events in 1984 demonstrate the Agency's ability to combine and focus its diverse communication resources on single, complex issues.

The Presidential Elections

The quadrennial elections are the show-piece of American democracy. The intense interest with which they are followed by people from every region of the world provides USIA with an unmatched opportunity to present a powerful demonstration of our democracy at work. During the past year, virtually all Agency elements and overseas posts were involved in this task.

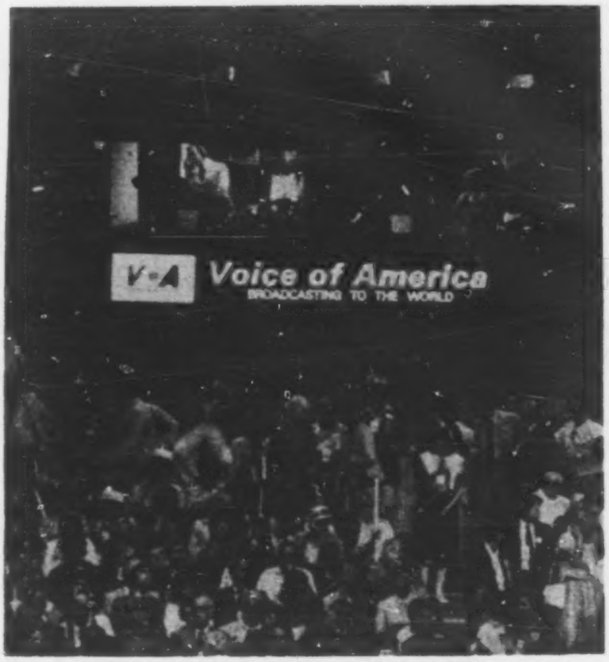
USIA's posts abroad organized election watches to follow the returns, which were broadcast by VOA and carried on the Wireless File. The Television Service arranged for satellite feeds of election returns from the U.S. commercial networks to 37 countries.

Tens of millions of people viewed the programs. Five post-election analyses by American commentators were telecast by satellite to 16 posts on four continents where the experts were questioned by foreign journalists. The Agency also transmitted the Presidential and Vice Presidential debates live by satellite to 25 countries.

Around the world, ordinary people as well as opinion leaders gathered at USIA's installations to follow the election results. Beijing reported that 1,500 Chinese showed up at the Great Wall Hotel to watch the returns—an "extraordinary opportunity to reach Chinese audiences with the powerful message of democracy in action." Thousands of early-risers and night-owls in posts throughout Europe gathered to watch television coverage of the elections and discuss the returns with political analysts. Belgrade reported the election programs "allowed us to contact people we could never bring together in any other way."

In Tanzania, the crowd outside the USIA library in Dar es Salaam started forming at about 6 a.m. Among those watching the returns at the library was Krishna Babla, an accountant, who told an American reporter, "Whether we like it or not, you're electing the President not only of the United States but of the world. . . . People know that what happens in the United States can decide our future."[1]

USIA's Foreign Press Centers in Washington, New York and Los Angeles were crowded election day and night with resident and visiting journalists. For several weeks prior to the election, the Centers had busy schedules of briefings on the elec-



VOA provides extensive coverage of the Democratic and Republican Presidential nominating conventions for its overseas audiences.

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[1] *The Washington Post*, November 8, 1984

tions and the American electoral process. On election day, groups of journalists were taken by bus to polling places in and around the three cities and to ballot counting centers. At the Press Centers on election night the journalists could watch the coverage of the major television networks.

The Wireless File carried continuous reports and statistical updates on the Presidential, gubernatorial and Congressional races as they unfolded. The File also carried commissioned articles by well-known journalists, academic figures and other experts on election issues, substantive policy statements by the candidates, especially those on foreign policy, and full transcripts of the three debates.

Extensive daily coverage of the campaign was carried by the Voice of America, supported by features and backgrounders offering perspectives on the electoral process and campaign events. VOA also broadcast worldwide coverage of the three debates. The Voice began its worldwide English coverage of the election results at 7 p.m. and stayed on the air until midnight. Political experts representing both parties were on hand to answer questions and analyze voting trends.

For several months before the elections, USIA's speakers staff organized more than 60 programs on the elections. Various audio and video techniques permitted prominent political analysts unable to travel overseas to discuss election issues with foreign audiences invited to USIA's centers.

An election exhibit was produced by the Agency and placed in 215 locations around the world, and the Exhibits Service offered an assortment of political stickers, posters, buttons and leaflets to posts to decorate their election night parties.

Finally, more than 500 foreign journalists, public officials and scholars observed the election firsthand under USIA's International Visitors program.

Central America

USIA has played a significant public diplomacy role in Central America through its Central America Working Group. Because of the Group's interagency membership, USIA has also contributed to better coordination of overall U.S. efforts in this critical and controversial area.

A wide range of effective products and programs have emerged from the Working Group's efforts: several highly praised television documentaries, a series of WORLDNET interviews, dozens of Wireless File stories, VOA editorials, an Agency pamphlet on democracy in the region and two editions of an information kit on "U.S. Policy in Central America" for the use of U.S. missions overseas.

USIA cooperates with other government agencies in the production of material explaining the U.S. role and position in Central America. Most notably, the Agency has close relations with the State Department's Coordinator of Public Diplomacy for Latin America Otto J. Reich and his staff. This has resulted in the production, translation and distribution of information from the Departments of State and Defense that supports U.S. policy.

At the Working Group's recommendation, USIA sponsored two visits to Central America for journalists from Europe and South America who regularly write about the subject. A group of Washington-based foreign newspaper correspondents and a group of television journalists and camera crews traveled throughout the region to observe and learn for themselves about conditions in the area.

The Working Group also co-sponsored a visit to the region by eight USIA Public Affairs Officers (PAOs) from the European area. The PAOs praised the experience for deepening their understanding of the subject and reported they would be able to speak with greater authority in explaining some of the complex issues to often skeptical audiences.

The Commission commends these efforts to provide the information and insight essential to an accurate understanding of events in this troubled region.

The Olympic Games

USIA began planning for the Summer Games in 1983. A task force was formed to coordinate all Olympic-related Agency activities involving all media services; to stimulate Olympic programs by USIA's posts; and to act as liaison with the State Department, the U.S. Olympic Committee, the Los Angeles Olympic Organizing Committee and the national sports governing bodies.

One of the most serious challenges prior to the Games was the possibility that Third World nations, particularly in Africa, would follow the Soviet-led boycott. Communist-inspired stories had raised questions about the security and treatment of non-American black athletes in Los Angeles. USIA successfully addressed this head-on in a variety of ways, most notably through WORLDNET satellite television programs to Africa featuring Los Angeles Olympic Organizing Committee President Peter Ueberroth and Los Angeles Mayor Tom Bradley. WORLDNET programs to both Latin America and East Asia also featured Mr. Ueberroth discussing preparations for the Games.

VOA sent correspondents from 20 language services to the Games. Since many VOA reporters are fluent in more than one language, the Voice was able to provide coverage in most of the 42 languages in which it broadcasts.

USIA also operated two full-time foreign press centers during the Games. One, at the main Olympic press center, served accredited journalists. The Agency's permanent Los Angeles Press Center assisted foreign journalists who had not received accreditation. Extra telex machines and telephone lines were installed. The Center used its permanent satellite dish to receive ABC's world television coverage without commercial breaks or commentary.

The extensive and largely positive view foreign audiences received of the Olympic Games and the cultural events that took place at the same time in Los Angeles testifies to the effectiveness of USIA's coordinated effort.

National Endowment for Democracy

USIA officers help Beijing University students analyze U.S. election returns broadcast live by satellite. More than 1,000 guests watched the results at USIA's Election Center at the Great Wall Hotel. Photo by Neal Ulevitch, AP

A little over a year ago, this Commission's advisory responsibilities were extended to the National Endowment for Democracy. The Endowment is a privately incorporated non-profit organization created to strengthen democratic institutions throughout the world. It is funded by Congress through annual grants from funds appropriated to USIA.

In giving the Commission advisory responsibilities for the Endowment and its relations with USIA, Congressional foreign affairs leaders suggested the Commission's oversight role would help to maintain the broad bipartisan support and national consensus that will be essential to its success.[1]

The Commission has met twice with the President of the Endowment and members of its board of directors during the past year. We are pleased it has established itself as a viable organization. It has hired a staff, developed a sound statement of principles and operating policies, and begun to do some useful work through grants to its affiliated labor, business and political party institutes.

While it is too soon for a considered assessment of the Endowment's programs, a good start has been made. The Commission believes that private, voluntary initiatives can contribute to the achievement of public policy objectives. The Endowment holds promise for doing what government action alone cannot—bringing the energies of private groups in the U.S. together with those abroad who wish to build democratic institutions and values, while avoiding interference in political party activities and elections.

The Commission shares the concerns of many within the Congress and throughout the country that, as a privately incorporated body dispensing appropriated funds, the Endowment must be subject to adequate public oversight. If confidence in this American experiment is to be developed and maintained, there is need for continuing assessment of both the Endowment's programs and its accountability—including review of appointments to its board of directors.

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[1] Colloquy between Rep. Dante B. Fascell and Rep. Benjamin A. Gilman, *Congressional Record*, November 17, 1983, pp. H 10331-2.

EDUCATIONAL AND CULTURAL PROGRAMS

Exchanges and International Visitors

This Commission has repeatedly expressed the conviction that exchange of persons programs are among the most effective and important tools of public diplomacy. There is, after all, no substitute for firsthand observation and experience.

President Eisenhower expressed his belief that exchange programs are among the most effective ways of ensuring the long-term security of our country. These programs provide, he said, "the opportunity to create friendships, and friendships have defended more borders than arms and cannon ever have."[1] The results may be difficult to measure. The seeds thus planted mature over lifetimes, and the impact made on people's minds is usually invisible. But there can be little doubt that the friendships and attitudes formed by these exchanges will be serving the national interest long after the newest generation of military hardware has become obsolete.

It is heartening to report that these programs whose resources had seriously declined have been materially strengthened during the past three years. The most important reason has been the Pell Amendment to USIA's FY 1983 authorization legislation, which required the Agency to double the funding for exchange of persons programs between 1982 and 1986. A total of $130 million has been provided in FY 1985 for exchange programs, $30 million more than last year and 90 percent greater than the FY 1981 level. This includes funds for the enhanced exchange programs in Central America.

The increase in the number of educational exchanges and international visitors is also a matter of considerable satisfaction to the Commission.

Academic Programs

In the budget presented to the Congress last spring, the number of Americans studying abroad on Fulbright scholarships in FY 1984 was 1,617, while 2,744 foreigners were studying in the U.S. on Fulbright grants. In the current fiscal year the number of American Fulbright grantees is estimated to be 1,997, and the number of foreign Fulbright grantees has risen to 2,918.

In addition to the traditional Fulbright program, USIA administers a number of other academic programs. The Hubert H. Humphrey North-South Fellowship program awarded 133 grants in FY 1984 to mid-career professionals in public service from developing countries for one year of non-degree study and practical courses. This past year the Agency also took back direct administrative responsibility for the Teacher Exchange and International Educational Development programs from the Department of Education which had administered them on USIA's behalf for many years.

The University Affiliation program which began in 1983 has proven to be effective. It seeks to bring closer ties between American and foreign colleges and universities through exchanges of faculty for as short a period as three weeks and as long as a year. Grants of $50,000 or less were

Former Senate Majority Leader Howard Baker greets participants in USIA's International Visitors program.

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[1] *The New York Times*, October 3, 1984

International Visitor Mbuy-Mbiye, President of the Zairian Young Lawyers Association, compares legal problems with lawyers in Washington, D.C.

awarded to 29 university partnerships to be spent over the next two to three years. These faculty exchanges focus on the social sciences, humanities, communications and education, and build long-term relationships between American and foreign universities.

The Commission has a statutory obligation to assess the degree to which "the scholarly integrity and non-political character" of the educational and cultural exchange programs of USIA have been maintained.[2] In light of the public scrutiny and criticism of certain Agency activities and programs early last year, we examined this subject with care. Both individually and collectively, members of the Commission have talked with Fulbright scholars, members of Fulbright commissions abroad, USIA Cultural Affairs Officers, and members and staff of the Board of Foreign Scholarships, who are responsible for monitoring the administration of the academic exchange programs. From our inquiries, we are satisfied that the scholarly integrity and non-political character of the peer review process by which the exchange grants are awarded is being respected and maintained.

International Visitors

The International Visitors (IV) program, which brings young foreign leaders to the U.S. for visits for a few weeks, continues to be one of the most successful and popular public diplomacy programs. More than 40 current or recent heads of government or chiefs of state worldwide are IV alumni. They join more than 3,000 exchange program alumni who hold prestigious positions in government, academia, media and other fields in their countries. Nearly 500 hold cabinet-level posts.

Like academic exchanges, the IV program went through a period of shrinking resources. At the strong urging of American ambassadors, USIA's posts overseas and the Commission, this situation was reversed and during the past three years funds have increased. In FY 1983, more than 1,900 young leaders received grants to visit the U.S.; in FY 1985 the Agency expects to award about 2,800 grants. In addition, USIA will arrange programs for and otherwise assist about 1,500 so-called voluntary visitors who pay their own way.

These foreign guests are specialists in many fields, including government, media, arts, education, science and labor relations. While in the U.S., they have the opportunity to exchange ideas with their American colleagues whose methods and institutions they observe. These meetings often lead to joint projects and long-term professional relationships.

The Agency cooperates with several organizations to operate its International Visitors program. The Institute of International Education, the African-American Institute, and the Visitor Program Service of Meridian House International, all under contract to USIA, help the Agency carry out these activities.

Indispensable to the entire IV program is the cooperation of the National Council for International Visitors (NCIV). This is a voluntary citizens' group with 92 regional offices throughout the U.S. whose services are invaluable. Its members generously arrange appointments and provide home hospitality for these distinguished guests of the United States. More than 700,000 American volunteers contribute to improved international relations through their involvement in the NCIV.

The strengthened budget and the growing number of visitors is most encouraging. But these numbers strain every link in the long chain from the USIA staffs overseas, through the national program agencies, to the volunteers who deal with the visitors in Denver, Little Rock and elsewhere outside Washington. The burden of more visitors eventually falls hardest on the volunteers of the NCIV affiliates throughout the country. The situation is so serious, both for the understaffed USIA posts abroad and the NCIV volunteers, that the Agency now is wisely giving priority to strengthening the infrastructure of the IV system rather than to increasing the number of visitors.

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[2] Section 8, Reorganization Plan No. 2 of 1977.

Distinguished Former Participants in USIA's International Visitors Program

The following current foreign chiefs of state or heads of government came to the United States earlier in their careers as participants in USIA's International Visitors Program.

AFRICA

Botswana	President Quett K. J. Masire, 1975
Central African Republic	President General Andre-Dieudonne Kolingba, 1966
Kenya	President Daniel T. arap Moi, 1969
Madagascar	President Didier Ratsiraka, 1973
Mauritius	Prime Minister Anerood Jugnauth, 1981
	Governor General Dayendranath Burrenchobay, 1969
Seychelles	President France Albert Rene, 1967
Tanzania	President Julius K. Nyerere, 1960

AMERICAN REPUBLICS

Argentina	President Raul Alfonsin, 1981
Barbados	Prime Minister Tom Adams, 1973
Colombia	President Belisario Betancur, 1952
Dominican Republic	President Salvador Jorge Blanco, 1979
Guyana	Prime Minister Ptolemy Reid, 1966
Montserrat	Chief Minister John Osborne, 1981
Peru	Prime Minister Louis Percovich, 1968
St. Vincent	Prime Minister James Fitzallen Mitchell, 1973

EAST ASIA AND PACIFIC

Fiji	Governor General Ratu Sir Penaia Ganilau, 1963
	Prime Minister Ratu Sir Kamisese Mara, 1964
French Polynesia	President, Territorial Assembly, Gaston Flosse, 1969
Malaysia	Prime Minister Mahathir bin Mohamad, 1973
Papua New Guinea	Prime Minister Michael Somare, 1981
Singapore	President Devan Nair, 1969
Solomon Islands	Governor General Baddeley Devesi, 1977
Tonga	King Taufa'ahau Tupou IV, 1964
	Prime Minister Prince Fatafehi Tu'ipelehake, 1968
Trust Territory of the Pacific Islands	President Tosiwo Nakayama, 1961
Vanuatu	Prime Minister Father Walter Lini, 1976

EUROPE

Austria	Chancellor Dr. Fred Sinowatz, 1963
Belgium	Prime Minister Wilfried Martens, 1971
Canada	Governor General Edward R. Schreyer, 1978
Federal Republic of Germany	President Richard von Weizaecker, 1976
Greece	President Constantine Karamanlis, 1951
Luxembourg	Prime Minister & Minister of Finance Jacques Santer, 1973
Norway	Prime Minister Kare Willoch, 1978
Portugal	Prime Minister Mario Soares, 1967
United Kingdom	Prime Minister Margaret Thatcher, 1963

NORTH AFRICA, NEAR EAST AND SOUTH ASIA

Lebanon	President Amin Gemayel, 1972 79
Sri Lanka	Prime Minister Ranasinghe Premadasa, 1966
Tunisia	Prime Minister Mohamed Mzali, 1964

The Central American Initiative

Findings & Recommendations

□ The Commission fully endorses the recommendation of the Kissinger Commission that government-sponsored scholarships to bring Central American students to the U.S. be greatly increased to counter expanded Soviet bloc scholarship programs.

The Central American Working Group, a forerunner of the Central American Initiative, was established more than a year and a half ago to provide coordinated support for U.S. public diplomacy in the countries of that region. It is an interagency group composed of representatives of the Departments of State and Defense, USIA and the National Security Council. Chaired by USIA, the Group meets every two weeks to set policy guidelines and coordinate the production of programs and material for USIA's posts in Central America.

Under the guidance of the Group, an increasing flow of relevant programs and supporting material has been delivered to the area. Articles in the Wireless File, speakers, Agency magazines and publications, books, seminars, special VOA programs, television satellite feeds and VTRs for placement on local TV stations are among the kinds of coordinated support posts have received.

In addition, USIA's Foreign Press Centers in the U.S. have given special attention to Central America, organizing a number of press briefings by administration officials and area experts, and providing information and assistance to journalists working on the subject. Several U.S. Government agencies and virtually all the program elements of USIA contribute to this effort.

The Central American Working Group and the activities stemming from it are part of the larger program now known as the Central American Initiative. This grew out of the recommendations by the National Bipartisan Commission on Central America, headed by former Secretary of State Henry Kissinger. This Commission fully endorses the recommendation of the Kissinger Commission that government-sponsored scholarships to bring Central American students to study in the United States be greatly increased to counter expanded Soviet bloc scholarship programs.[1]

The extent to which the Soviet Union, the Warsaw Pact countries and Cuba have increased their scholarship aid for students from Central America and the Caribbean was strikingly shown in a study by the

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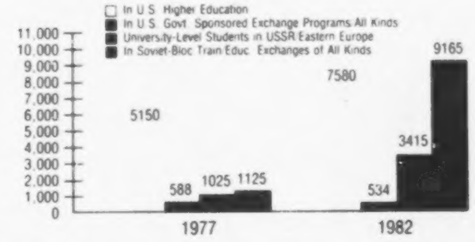
[1] "Report of the National Bipartisan Commission on Central America," January 1984, pp. 72-73.

Central Americans in International Education 1977-1982: U.S./Soviet Comparison



Source: Kissinger Commission Report Recommendations for USIA Programming and Supplemental Authorizations for Migration and Refugee Assistance. Department of State. Hearing Before the Subcommittee on International Operations, House of Representatives, February 27, 1984.

General Accounting Office.[2] From 1972 to 1982, the GAO found, the Soviet bloc increased its all-expense scholarships for students from that region by 205 percent. At the same time U.S. Government-sponsored scholarships declined by 52 percent. In 1982, the GAO study reported the Soviet bloc financially sponsored 9,080 students, compared with 2,197 sponsored by various agencies of the U.S. Government. However, more than 44,000 students from Latin America and the Caribbean are currently enrolled in U.S. colleges and universities without federal scholarships—down from 50,000 in 1980. Most of the latter group are privately financed. It is clear that there is a strong incentive to study in the United States.

The GAO report indicated that the Soviets are reaching out to the less affluent young who, for lack of money, are denied the opportunity to study in the United States. The concern is that these students who receive Soviet scholarships may eventually form the nucleus of Marxist or revolutionary movements.

Until this year, USIA's meager scholarship program stressed graduate level training and sought academically qualified students proficient in English. Only 35 grants were available to bring Central American scholars to the U.S. in FY 1984. Such students come mostly from the middle and upper classes. The Soviet bloc countries, on the other hand, seek technically oriented undergraduates and are less concerned about academic qualifications.

Major changes in the Agency's programs are under way. Fulbright exchanges with the countries of Central America will be vastly expanded in FY 1985, and a new undergraduate scholarship program for talented, upwardly-mobile students with leadership potential will begin. There will also be a significant increase in the number of International Visitors. A few numbers illustrate the changes taking place.

In FY 1985 the Fulbright program, including the exchange of U.S. and Central American researchers and lecturers, graduate scholarships and faculty training grants, will total 254 scholarships and grants, contrasted with approximately 50 last year. The new undergraduate program will permit approximately 143 students to spend up to two years in American universities, and there will be five university affiliations (linkages between U.S. and Central American universities) involving the exchange of approximately 60 persons. Last year there was only one university affiliation. The budget for these and other exchange programs rose from $1 million in FY 1984 to $10.5 million in FY 1985.[3]

To support these activities, the Agency plans to strengthen its English teaching, book and library programs, provide additional counseling services to foreign students in the United States and expand the reach of its American studies activities overseas.

One of the goals of this ambitious initiative is to prevent American higher education from becoming the exclusive privilege of affluent youths from areas so vital to U.S. security.

This admirable effort is long overdue, but with the new opportunities there are unresolved problems. For several years the resources for Central American exchanges were cut to a trickle and their important role largely ignored. Now the funds for these programs have greatly increased. These are small posts with small staffs. The same number of already overworked people cannot be expected to carry out additional and vastly expanded programs efficiently no matter how important or worthwhile. The Commission recommends that the Agency provide additional personnel to these posts.

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[2] "U.S. and Soviet Bloc Training of Latin American and Caribbean Students: Considerations in Developing Future U.S. Programs," General Accounting Office, August 16, 1984.

[3] We understand that a similar buildup is occurring in AID's training programs, although the number of AID training grants will be substantially larger than the USIA exchange program. While AID can sponsor only trainees in fields related to development, excluding the humanities and many of the social sciences, both agencies are aware of the need for close coordination of their policies and practices so that their programs will be mutually supportive.

Youth Exchange

A Nebraska high school student and his Japanese host family participate in the International Youth Exchange Initiative.

The President's International Youth Exchange Initiative was begun in 1982 to increase exchanges of young people between the United States and its Economic Summit partners, Canada, France, the Federal Republic of Germany, Italy, Japan and the United Kingdom. Utilizing federal funds and contributions from the private sector, more than 6,000 young people participated in 1984. USIA has received more than $4.2 million in pledges from the private sector, of which approximately $3 million has actually been received. Responding to Congressional interest, the program was expanded to an additional ten countries from the developing world. Further expansion is planned for the coming year.

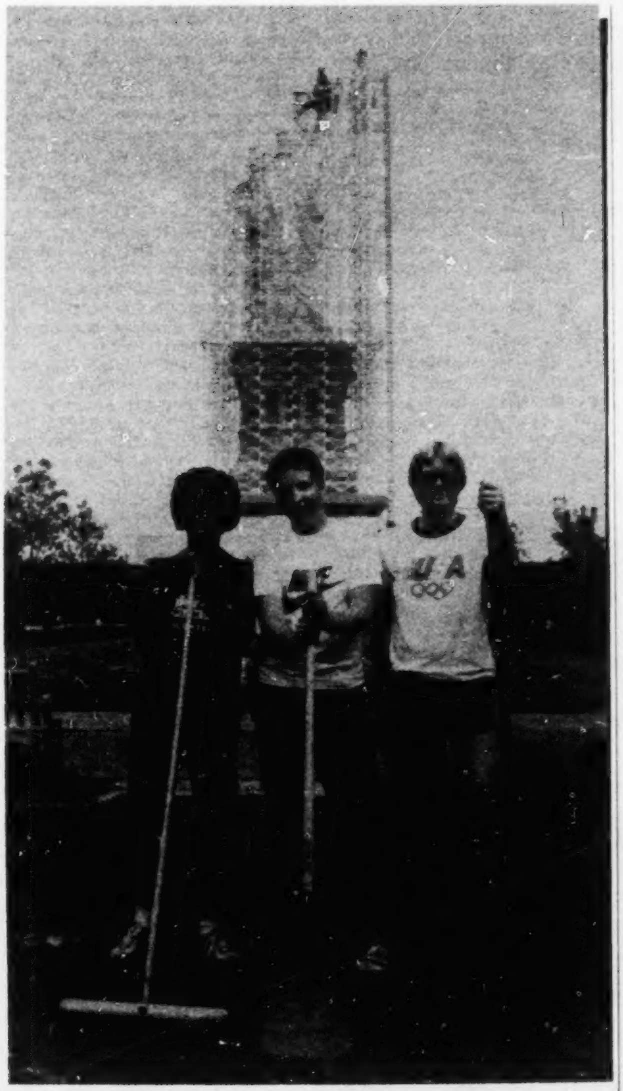
The Agency's Youth Exchange staff administers a competitive grant program for private, not-for-profit organizations to conduct the exchanges. Organizations are invited to submit proposals in response to priorities identified by participating posts. During the past year, 64 grants were awarded, totalling $5,216,637.

Youth exchanges may take various forms and involve a wide range of activities. Among the more successful projects over the past year are the following:

□ The Congress-Bundestag Program for the exchange of German and American high school students was established by the U.S. Congress and the German Bundestag in 1983. Full scholarships awarded competitively provide for a year of high school level study and travel, orientation and language training. Students are housed with host families.

The cost is approximately $5 million per year, divided equally between the U.S. and the FRG. The number of exchangees, based on the number of Congressional/Bundestag districts, is 536 Americans and 520 Germans. By providing young Americans and Germans an opportunity to experience each other's country in depth, the Congress-Bundestag Program is a direct response to the felt need to increase contacts among members of the "successor generation."

□ The first U.S.-Japan youth exchange involved a group of 47 outstanding Japanese high school students representing the 47 Japanese prefectures, or states, on a year-long academic homestay visit to the



Sixty young people from eleven countries helped restore the Statue of Liberty, Ellis Island and other historic sites in the U.S. under the International Youth Exchange Initiative.

United States. This program was funded by a grant of $213,380 to Youth For Understanding.

□ The first American work-study project developed by the Council on International Educational Exchange (CIEE) focused on the restoration of the Statue of Liberty and Ellis Island. With grant support, 120 youths, half from the U.S. and half from eleven countries that sent immigrants to our shores, spent four weeks in New York City working under supervision of the National Park Service to restore the Statue of Liberty and Ellis Island. They also participated in discussions with university professors and representatives of New York's ethnic communities on the historical and human dimensions of the American immigrant experience. CIEE plans to continue the project through increased support from private sector sponsors.

□ Four hundred Italian students and their teachers representing secondary schools from all 20 provinces of Italy spent three weeks in the U.S. under a program arranged by the National Association of Secondary School Principals and CIEE. An equal number of American students will return this visit during the current school year.

□ There have also been many successful small projects. To mention just one example: eight young people from Illinois farm families last summer exchanged places with eight youths from rural districts of France. Each lived and worked with a volunteer host family for three weeks and spent a week on a travel and learning trip—the French to Chicago and the Americans to Paris and the Loire Valley. USIA arranged the contact between the two sponsoring organizations, Illinois State University and the Association Culturelle Inter-exchanges, and provided a partial support grant.

The Youth Exchange program is a striking example of what can be accomplished with the cooperation of the private sector, community involvement and the hospitality of hundreds of American families. Together, with the help of the Youth Exchange staff, they have made this laudable program possible.

Book and Library Programs

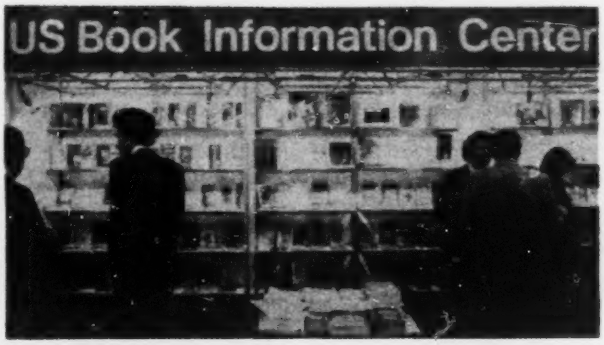
Findings & Recommendations

☐ The Commission is deeply concerned that the U.S. is not competitive in international book and library activities. Needed increases in resources for overseas American libraries and for USIA's book translation and donated book programs will require the sustained cooperation of USIA, the Congress and the private sector.

A year ago, this Commission reported on the long-term decline in USIA's programs supporting the dissemination of American books abroad. We reported also on the significant disparity between U.S. book activities and those of the Soviet Union.

Since then, several developments suggest a renewed commitment to U.S. international book programs is emerging.

The Benjamin report, published by the Center for the Book at the Library of Congress with substantial input from USIA, focused public attention on the consequences of years of neglect in overseas book programs.[1] The report documented the steady erosion of U.S. book distribution activities, particularly in the Third World, and the gap between U.S. book programs and those of both the Soviet bloc and Western democracies.



Shortly thereafter, USIA's Research Office issued a major report on Soviet book exports.[2] The report concluded that in 1982 the Soviet Union exported more than 70 million books—33 million in translation. Soviet book exports increased 2.5 times during the past decade, an average growth rate of 25 percent a year. The variety and number of Soviet books published in Third World languages increased substantially.

In contrast, USIA supports publication of approximately 600,000 books per year in English and translation worldwide.

Recommendations of this Commission, the Benjamin report, and research on Soviet book exports led the National Security Council to call for a major commitment to strengthen programs supporting the dissemination of books abroad. As National Security Advisor Robert C. McFarlane has accurately observed: "The problem is not simply the weakness of current federal programs. Donation programs by private American publishers have been reduced. Funds handled by quasi-public/private organizations have been cut back. We need to renovate our total approach."[3]

The NSC directed USIA to establish a task force to bring together public and private expertise to develop a comprehensive strategy for dealing with the problem and to make specific legislative and administrative recommendations. The task force is to complete its work early in 1985, and the Commission awaits its report with great interest.

The Commission also welcomes the interim steps being taken by USIA to reinvigorate its book and library programs:

☐ In Fiscal Years 1984 and 1985, USIA budgeted increases of $2.5 million for additions to library book collections, new equipment and regional library positions.

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[1] Curtis G. Benjamin, *U.S. Books Abroad: Neglected Ambassadors*, Library of Congress, Washington, 1984.

[2] "Soviet Book Exports 1973-82," March 1984.

[3] Memorandum from National Security Advisor Robert C. McFarlane to USIA Director Charles Z. Wick, "U.S. Books Abroad," April 4, 1984.

Books donated by American publishers through USIA in Freetown are presented to the Milton Margai Teachers College.

- Following a long period of virtual nonparticipation, USIA began to enter major book fairs in Frankfurt, Cairo, Calcutta and other cities.

- A new Regional Book Office was established in Barcelona.

- In FY 1985, USIA is seeking to reprogram approximately $600,000 for enhanced book programs in Central America.

- The decline in the Agency's donated books program was reversed with one donation of 60,000 books to Tanzania, obtained under special circumstances, exceeding the total donated book distribution worldwide for the previous year.

The Diminished Role of U.S. Books Abroad

- In 1965, USIA's book publishing and translation programs totalled 12.7 million copies. Today, they total less than 1 million.

- In 1963, USIA administered 254 overseas libraries and reading rooms. Today there are 131.

- In 1963, 24 million foreign nationals used USIA's libraries and reading rooms. In 1983, there were 4 million.

- The Soviet Union exports more than 70 million books annually with substantial increases in Third World languages during the last decade.

- The Soviet Union participates in 1,500 international book exhibits annually, the United Kingdom in 270. USIA participated in less than 100 in 1984, only several of which were major exhibits.

- Soviet books are heavily subsidized and affordable to Third World students. U.S. books are not.

Sources: The U.S. Information Agency, The Library of Congress and The Helen Dwight Reid Educational Foundation

The Commission welcomes these developments, but a great deal more needs to be done.

The Commission is deeply concerned that the U.S. is still not competitive in international book and library activities. Cheap Soviet books flood the markets of the Third World, while most American commercial book exports go to a few developed countries. USIA must increase its book translation programs, the training of its book officers, and resources for its overseas libraries—both the institutions themselves and their collections. And donated book programs must return to the annual multi-million volume level of decades past.

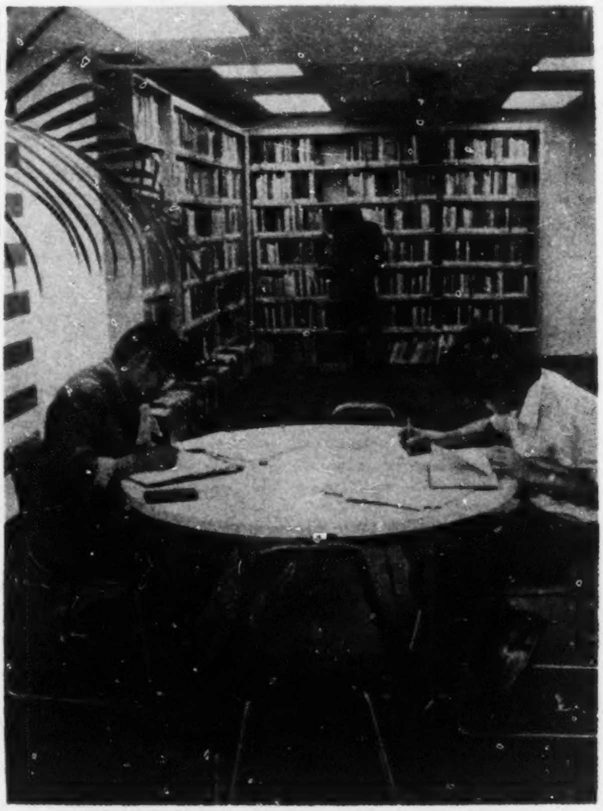
Books are essential to the conduct of public diplomacy. USIA's libraries are unique in their ability to provide in-depth information to foreign peoples about American values and culture and the policies of our government.

Bringing these programs to a level consonant with what national needs require is not the job of USIA alone. It will require the sustained cooperation of the executive branch, the Congress and the private sector.

English Teaching and Binational Centers

In its last report, this Commission noted that declining funds over a period of years had seriously weakened two important and closely related programs—English teaching and Binational Centers (BNCs). We recommended that USIA strengthen its English-teaching programs and give increased support to BNCs.

In 1967 USIA had more than 150 Americans overseas engaged in English teaching. Today, the Agency has only 12 English-teaching specialists assigned to USIA posts abroad. They are concerned with teacher training, curricula development and counseling English-teaching institutes and ministries of education. The Agency also prepares and distributes a variety of English-teaching and teacher training material.



Students at work in the reference section of USIA's Benjamin Franklin Library in Mexico City.

The direct teaching of English supported by USIA is largely done through BNCs, local binational institutions of private citizens which are largely self-supporting. These centers, with their English classes, libraries and cultural programs are one of the Agency's most important resources for reaching successor generations in developing countries. They are particularly important in Latin America although there are active centers in Asia, Europe, North Africa and the Middle East. Approximately 400,000 students attended classes last year in the more than 100 BNCs that received some type of Agency support.

The rapid expansion of USIA's academic exchange programs, especially in Central America, makes the work of the BNCs even more important. For without proficiency in English, students will find it difficult to compete for exchange scholarships or gain admission to American universities.

We are pleased that resources for these two programs, while still modest, have increased. Funds allocated to BNCs in the Agency's FY 1985 budget are $3.8 million, an increase of $1.1 million over the previous year. The budget for English teaching for FY 1985 is $4.3 million, an increase of $841,000 over FY 1984

The strengthening of the BNCs made possible by the new budget will focus on professional in-service training for some center administrators, librarians, student counselors and English teachers. A small number of English teachers will be given experience in U.S. universities. And there is under way a much needed upgrading of book collections, equipment and physical facilities. While this improvement plan is modest, it represents the essential first step in what the Commission hopes will be a continuing program to enhance the effectiveness of this valuable and sometimes neglected program.

MANAGEMENT

Senior Vacancies

Findings & Recommendations

☐ The Commission recommends that the Director and the White House move quickly to fill long-standing vacancies in the positions of USIA Deputy Director, USIA Associate Director for Programs, and Director of the Voice of America.

The dynamism and creativity of USIA Director Charles Z. Wick and his non-career colleagues, combined with the professional skills of the Agency's career officers, have substantially heightened the effectiveness of America's public diplomacy. At the same time, the Commission is deeply concerned by prolonged senior level vacancies in USIA and their potential impact on the Agency's ability to implement new program initiatives and to manage ongoing programs well.

As of February 1985, USIA had been operating for 18 months without a permanent Deputy Director. The position of Associate Director for Programs had been filled on an acting basis for over a year. And the Voice of America had been without a confirmed Director for seven months.

The Commission recognizes that a variety of circumstances, including the elections and the convening of a new Congress, have contributed to delays in the appointment and confirmation of these senior Agency officials. Nevertheless, continued delay will adversely affect the conduct of public diplomacy. The Commission recommends that the White House move quickly to appoint a USIA Deputy Director and that the Congress confirm the President's nominees for USIA Associate Director for Programs and Director of the Voice of America.

Under USIA's Artistic Ambassadors program, gifted pianists selected through rigorous auditions represent the United States abroad. Artistic Ambassadors perform in large and small concert halls, give lectures and masters classes and speak about American musical life.

Headquarters Controversies

Findings & Recommendations

□ The Commission finds that interest abroad in recent USIA headquarters controversies was marginal and that there was no discernible adverse impact on USIA's overseas programs and activities.

□ The Commission recommends that USIA provide clearer operational guidance on speaker selection criteria and the relationship between advocacy and education in its speaker programming policies.

□ The Commission recommends that USIA encourage responsible internal discussion of professional public diplomacy issues and provide an appropriate forum for doing so.

The program accomplishments discussed in this report provide an appropriate context in which to consider two publicly controversial issues that have affected USIA's headquarters operations: Director Wick's past practice of tape-recording telephone conversations and the existence of a so-called "blacklist" in USIA's overseas speakers program.

Both were serious matters. They were the subject of extensive Congressional inquiry and considerable media attention in Washington during the period covered by this report. The Commission was deeply and unanimously concerned that they not adversely affect USIA's ability to carry out its mission, and we examined them with care.[1]

In doing so, members of the Commission:

□ Met privately with the Republican and Democratic leadership of USIA's oversight committees in the Congress;[2]

□ Held extensive conversations with ambassadors and Public Affairs Officers in Europe, Asia and Latin America;

□ Met with USIA's General Counsel, Chief Inspector, geographic area directors, and a number of senior career professionals in Washington;

□ Met with leaders of the American Federation of Government Employees, USIA's employee union, and the American Foreign Service Association;

□ Examined all Congressional committee reports and hearings, inspection reports and other public documents relating to these issues; and

□ Testified in USIA oversight hearings held by the House Subcommittee on International Operations.

The Commission found that interest in these controversies overseas was marginal. Without exception, we were informed there was no discernible adverse impact on USIA's regular programs and activities.

The issues themselves were investigated thoroughly by competent au-

Visitors view a USIA exhibit in Prague. The Agency produces an average of 13 major exhibits a year, which sometimes draw audiences of more than one million. USIA is also responsible for official U.S. national exhibitions at International Expositions held abroad.

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[1] The Commission's role is advisory only. It has a limited budget and a small staff. The Commission does not have regulatory powers or the resources and authority to act as an investigatory body.

[2] Commission members met with Senate Foreign Relations Committee Chairman Charles Percy and Ranking Minority Member Claiborne Pell, House International Operations Subcommittee Chairman Dan Mica and Rep. William S. Broomfield, Ranking Minority Member of the House Foreign Affairs Committee.

thority, and the Commission does not intend a detailed reexamination of them. They were management defects in the Agency's headquarters operations, and corrective measures have been taken.

The public disclosure late in 1983 that Director Wick tape-recorded his telephone conversations, often without the permission of others, was examined by staffs of the Senate Foreign Relations Committee, the House Foreign Affairs Committee and the General Services Administration.[3] Neither Congressional staff found evidence that the tape-recordings were made for purposes other than the Director's stated intent of achieving managerial efficiency. In response to General Services Administration findings, USIA and the Director have taken steps to ensure compliance with telecommunications management regulations governing listening-in and recording of telephone conversations.

The practice itself clearly was wrong and not a wise choice of managerial tools. Director Wick has apologized publicly and privately to those whose calls were recorded.

Media reports of a so-called "blacklist" in USIA's overseas speakers program also concerned the Commission. Early in 1984, USIA's Inspectors found that lists had been compiled of potential Agency-sponsored speakers who had been rejected by a high-level Agency screening group. The Inspectors found the lists contained a cumulative total of 95 names, some of whom were apparently rejected for partisan or ideological reasons.

USIA's speaker selection and screening process was subsequently investigated by staffs of the Agency's Senate and House oversight committees and by the Agency's own Office of Inspections. Hearings were held by both committees, and two separate Senate Foreign Relations Committee staff reports were issued. A report was also issued by USIA's Office of Inspections.[4]

Each of these inquiries was thorough. The practice was terminated by the Agency immediately following its disclosure, and a number of administrative improvements were made in the speakers program. The impact was confined to Washington, and the Commission's own observations were borne out by the Agency's Inspectors who found the "screening process had no discernible impact on the quality of speaker programs overseas, according to field officers."

Blacklists are wrong. A partisanship test *per se* is wrong in any USIA program. Director Wick has stated that "exclusionary lists are repugnant to the very foundations of our democracy," and the Commission agrees

At the same time, a selection process is inevitable in USIA's speakers program. During the two-and-a-half year period reviewed by USIA's Inspectors, some 5,000 individuals were considered as possible speakers by program officers. The Agency has resources to program only about 500 speakers a year. Thus, by definition, there must be a screening process based on such criteria as speaker quality, program relevance, congruence of speaker availability and post program needs, the availability of funds and other non-ideological considerations.

There is strong historical precedent and good reason to select some speakers who can explain, defend and vigorously advocate U.S. Government policies. Indeed, on foreign policy issues experience shows that overseas audiences often prefer senior government officials and others who can speak authoritatively on behalf of those policies. In other subject areas, selection of speakers who are representative of the many responsible contrasting views in American society is appropriate and justifiable. In all cases, speakers must be relevant to post program needs, and an opportunity given for posts to indicate whether or not they can utilize speakers effectively.

The history of USIA's speakers program and the findings of the Agency's Inspectors suggest there is some ambiguity in speaker programming policies and perhaps even in the legislative authority that underlies them. The Commission recommends that USIA seek to clarify its policies to provide: clear operational guidance on speaker selection criteria, a clear rationale for programming speakers who will explain and advocate U.S. policies, a clear understanding of the relationship between advocacy and education, and a clear statement of the impermissibility of partisanship and political litmus tests in speaker selection.

Vigorous debate among public diplomacy professionals on methods and priorities is not new, and in the Commission's view it is a sign of a healthy organization. We are convinced the recent headquarters controversies at USIA are a result, not of malicious intent, but of the energy, dedication and commitment both career and non-career officers bring to accomplishing the Agency's mission.

The Commission believes USIA's top management should encourage responsible internal discussion of professional public diplomacy issues and provide appropriate opportunities for doing so. Creation of a USIA counterpart to the State Department's Open Forum, use of the Agency's house organ *USIA World* for this purpose, and official encouragement of a professional journal on public diplomacy should be considered.

An Agency dedicated to the propagation and exchange of ideas will only benefit from fostering responsible internal debate on professional issues.

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[3] "Nonconsensual Recording of Certain Telephone Conversations by USIA Director Charles Z. Wick," a staff report prepared for the Committee on Foreign Relations, U.S. Senate, February 1984. "Recording of Telephone Conversations by Charles Z. Wick, Director, USIA," staff report to the Committee on Foreign Affairs, U.S. House of Representatives, February 3, 1984; and "A Report on the Recording of Telephone Conversations at the United States Information Agency During the Period of 1981 Through 1983," General Services Administration, January 20, 1984.

[4] Senate Foreign Relations Committee staff report on USIA's "Blacklist," forwarded to Director Charles Z. Wick by Committee Staff Director Scott Cohen, March 19, 1984; Senate Foreign Relations Committee staff report on the "Blacklist," forwarded to Director Charles Z. Wick by Senator Jesse Helms, August 7, 1984; "Oversight of the U.S. Information Agency," hearings before the House Subcommittee on International Operations, May 10, 15, 1984; "Nomination of Leslie Lenkowsky," hearings before the Senate Committee on Foreign Relations, April 5, 11, May 9, 15, 1984; "The So-called 'Blacklist' of the Office of Program Coordination and Development (P/D)," report of the Office of Inspections, U.S. Information Agency, March 28, 1984.

Representation

Findings & Recommendations

□ The Commission finds that personal contact with foreign opinion leaders is one of the most important functions of public diplomacy. A substantial increase in USIA's overseas representation funds would serve the national interest.

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From the earliest years of the Agency, the effectiveness of USIA's officers overseas has been seriously limited by inadequate representation funds. Agency management is keenly aware of this problem, and over the past several years Congress has gradually increased appropriations for this purpose. With adjustments for inflation, the Agency's representation budget increased approximately 200 percent during the last ten years. USIA's FY 1984 appropriation provided a total of $593,000 for overseas representation allowances, an increase of approximately 17 percent over the 1983 reimbursed level.

On the face of it, this is encouraging. Yet in 1983, Agency officers were still out of pocket $114,000. Final figures for 1984 are not yet available, but we were concerned to learn that one small African post alone has reported over $7,000 in out-of-pocket expenses.

During the past year, members of this Commission visited more than 25 USIA posts, and we have seen firsthand how their programs are hampered by inadequate representation funds.

In every geographic area, Public Affairs Officers (PAOs) speak of missed opportunities to carry out their duties effectively and to advance U.S. interests. The Commission has been told repeatedly of their inability to take full advantage of contacts with journalists or to capitalize on visits of prominent Americans, speakers and performing artists. Funds are usually unavailable for lunches or receptions to bring these visitors together with local personalities, thereby increasing the impact of their visits.

PAOs also report they cannot often afford to invite International Visitor (IV) grantees to small lunches for predeparture briefings or to lunches upon their return to obtain "feedback" from their U.S. experiences and to learn about the strengths and weaknesses of their programs.

Other opportunities are routinely missed. The PAO in Beijing, for example, regretted that he was not able to have a reception for Chinese journalism students returning from training at the University of Hawaii. Most posts report they are often not able to include returning Fulbright scholars and other exchange participants in representational affairs. Dar es Salaam did not have funds to invite local officials and media leaders to a buffet to introduce the new PAO. And all posts report the lack of funds for more of the vitally important one-on-one lunches with officials, journalists, educators and other key contacts.

Former USIA Director Edward R. Murrow observed that USIA has no difficulty in transmitting information about the U.S. around the world in seconds. What is difficult, he said, is conveying it the last three feet. That is precisely what makes small lunches and dinners so important, to enable USIA's officers to carry America's message personally those critical last three feet. It is unconscionable that USIA's officers, few of whom are wealthy, should have to use their own funds to carry out their official duties.

If the United States is to have an effective public diplomacy, USIA's officers overseas must have the resources to do the job. A substantial increase in the Agency's overseas representation funds would serve the national interest.

Congressional Grant Controls

Findings & Recommendations

☐ The Commission finds the requirement that Congress be notified 15 days in advance of all USIA program grants is neither necessary nor sound public policy and repeats its recommendation that the practice be discontinued.

For more than a generation, this Commission has worked with Congress to bring informed and independent judgment to bear on the programs and activities of USIA. The Commission believes strongly in the necessity of vigorous public oversight and the right of Congress to inquire into any aspect of USIA's activities, including specific grant decisions after they have been made. We continue to question, however, the wisdom of the decision by Congress in 1983 to require 15 days advance notification of Agency program grants.[1]

USIA's Congressional oversight committees have worked with the Agency to develop grant application guidelines and grant review criteria. This process has been helpful in developing confidence in USIA's grant programs and in assuring that they are consonant with the Agency's legislative mandate.

But in the Commission's judgment, appropriate Congressional oversight does not extend to routine prenotification by USIA of pending grant decisions. This legislative micro-management is not necessary; nor is it sound public policy. It also creates an excessive administrative burden for the Agency. As a practical matter it means top-level scrutiny of all proposed grants, large and small, and a reduction in time spent on broad Agency programs and objectives.

The Commission repeats its recommendation that the practice be discontinued.

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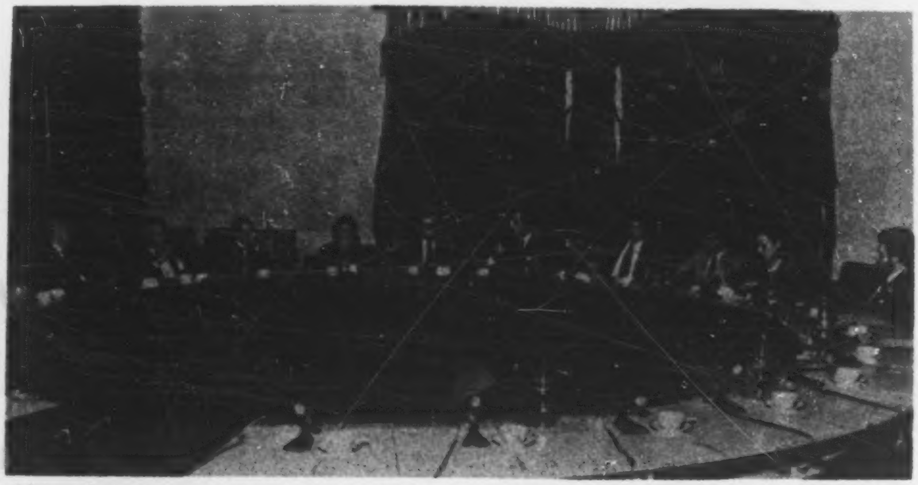
[1] USIA's authorization legislation provides: "In addition, the United States Information Agency may award program grants for the fiscal years 1984 and 1985 only if the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified fifteen days in advance of the proposed grant." Public Law 98-164



Advisory Commission members meet with Mexican Foreign Secretary Bernardo Sepulveda in Mexico City. Shown (from left to right) Commissioners Herbert Schmertz, Richard Scaife, Hershey Gold, Priscilla Buckley, Chairman Edwin J. Feulner, Jr., Secretary Sepulveda and staff.

Training for Media Interviews

Recommendations & Findings

□ The Commission recommends that USIA institute a program of training for media interviews for senior USIA officers, ambassadors, and deputy chiefs of mission.

American ambassadors and USIA's Public Affairs Officers (PAOs) are routinely called on to explain U.S. actions and policies on foreign television programs. Some USIA officers have had considerable experience with this medium, many, however, have not. And as the traditional role of ambassadors has evolved, the public diplomacy function has become central to their responsibilities.

Most ambassadors have had little experience and virtually no training in the use of television and other media. Few are comfortable or confident in the glare of television lights. Handling such situations, which are an increasingly frequent and important part of their duties, requires a skill that can only be acquired through training and practice. Training for media interviews and television appearances has been part of corporate professional development in the U.S. for years.

This Commission believes that such training would be invaluable for our ambassadors, PAOs and other USIA and State Department officers who may be called on to represent the views of the U.S. in media interviews and on television. PAOs in particular should be thoroughly familiar with the techniques involved so that they can assist their ambassadors to prepare for public appearances.

We recommed that USIA institute a program of training for media interviews for senior Agency officers, ambassadors and deputy chiefs of mission. We are convinced this would enhance the effectiveness of their television performances and improve their communications and public diplomacy skills.

Ambassador Robert Strausz-Hupe fields questions from an audience at a USIA-sponsored program in Turkey.

Need for More Personnel Overseas

Poet Naomi Nye speaks to the press in a USIA-sponsored press conference. Prominent Americans in a variety of fields represent the United States to foreign audiences in lectures, seminars and media interviews.

Findings & Recommendations

☐ New communications technology and program expansion, particulary in USIA's WORLDNET, educational exchange and International Visitors programs, have stretched the Agency's overseas staffs to the breaking point. The Commission strongly recommends that additional personnel be assigned to USIA's overseas posts.

The Commission is greatly encouraged by the substantial increases in funds appropriated for USIA over the past three years following a long period of decline. These much needed increases have permitted expansion of a number of Agency activities, with two of the principal beneficiaries being the Television Service and the exchange programs.

But as we noted last year, the number of USIA employees overseas has not kept pace with the growth of the programs they administer. In fact, they have declined. In 1967, USIA had 1,495 Americans and 5,927 foreign national employees assigned to overseas missions. At the end of FY 1984 there were 861 Americans and 2,958 foreign nationals. A number of overseas positions will be added in FY 1985: 19 Americans and 57 foreign nationals. The Agency is also adding 42 junior officer and other training positions.

Meanwhile, the budget for the Television Service increased by approximately 73 percent from FY 1984 to FY 1985, and television programs and other material received by the field—WORLDNET transmissions, video cassette recordings, etc.—have grown accordingly. Similarly, FY 1985 funds for exchange programs are 90 percent higher than the FY 1981 level. The number of exchange grants to be awarded in Central America in FY 1985 is more than eight times larger than last year.

The Commission last year expressed its concern that USIA's overseas staffing had been reduced below the point where new programs could be accommodated or critical issues adequately handled. The problem is more acute now than ever.

In several sections of this report we have warned that the expansion of certain existing activities and the addition of major new programs, as important and worthwhile as they are, have strained overseas staffs to the breaking point. The Commission strongly recommends that additional personnel be assigned to the Agency's posts.

Senator **Helms**. Thank you very much, Mr. Feulner.

I have been looking at your statement in its totality. I share the concern that you do and I share the belief that you have just expressed that substantially more emphasis must be placed on this function of Government, this function of national defense, if you please, than is now presently the case. We are working on it, but I commend your statement.

Mr. Korologos?

Mr. **Korologos**. Mr. Chairman, I am here to support my chairman, and I have no formal statement.

Senator **Helms**. Mr. Egle, did I pronounce your name right?

STATEMENT OF JACK EGLE, PRESIDENT, COUNCIL ON INTERNATIONAL EDUCATIONAL EXCHANGE

Mr. **Egle**. Exactly right. One of the few.

Senator **Helms**. The reason I asked, there is another gentleman in this city named Fred Ikle—I-k-l-e—and I heard him called one time Ikel, so I did not want to mispronounce your name.

Mr. **Feulner**. Mr. Korologos and Mr. Wallach. Mr. Wallach is my vice chairman.

Mr. **Egle**. I am speaking for the Liaison Group for International Educational Exchange, which is made up of 19 major organizations involved in educational exchange, all nonprofit American groups.

These 19 organizations constitute a large portion of the educational exchange activities that take place in this country. The organization that I head, the Council on International Educational Exchange, is one of the largest involved in the study abroad and assisting students and teachers to travel around the world and learn about the world. We incidentally, Senator, are 97 percent private funded, about 3 percent from Federal funds.

I want to express our very sincere appreciation to this committee, whom we feel has taken the leadership in improving the financial situation and stimulating USIA to increase its educational exchange activities during the past 4 years. This has been an amazingly successful move, and I think and I know our group all feel that this committee has been the principal mover in this direction.

We also want to say that Director Wick has brought dynamism and a refreshing point of view to the USIA, which has been reflected by the comments made this morning. We want to speak in favor of the funding that is proposed, the budget that is proposed for the USIA and we have four principal points to make. I am excerpting from my written testimony in order to be brief.

We want to say that we feel that it is extremely important for the further development of the core USIA exchange programs to be increased as rapidly as possible. I think the 10-minute film that was shown this morning reflects a very realistic situation. The United States is far behind many other countries in the world in its reception of foreign students in particular.

These programs need funding. They cannot be carried out without it. The point that you made, Senator, that there are 331,000 foreign students coming into the United States is true, but many of those students would not come if the catalyst effect of the U.S. Government money was not there.

We also want to support the bill that is pending, the U.S. Scholarship Program for Developing Countries Act that I believe is pending before this committee. That is a step in the right direction, a step that will possibly begin to meet what the Eastern European countries and the Soviet Union have been carrying out for many years.

In my own personal experience of some 35 years working in the educational exchange field overseas I have had the opportunity of seeing the effectiveness of the Eastern European and Soviet programs in bringing in people from all walks of life for short-, middle- and long-term educational programs, and I believe that this country needs a similar program and perhaps greatly expanded over what we are now doing.

I also would like to suggest and my third point is that much of this work should be done by the enhancement of the association with the private sector. I think that the private sector partnership which the Government is already engaged in, in many of its programs is a primary means for increasing international educational exchange and is perhaps the most efficient way of doing so and the most economical.

Last, I would like to address what I think is a sadly neglected part of our educational exchange work. It is not included in the pending bill, although mention is made of it, and that is the need for us to develop means to send American students to the Third World, to developing countries.

Our knowledge of these countries, our knowledge of their languages, their ways of life is sadly lacking throughout the country, and unless we find means of gaining that knowledge we are not going to be able to cope with the evolving world as we presently see it.

This is not an easy problem. Our students, when they have the choice of going to Paris, London or Zimbabwe are going to choose Paris or London. You or I would probably do the same. However, since we need to get them there we have to convince them and the professors that they need to go there, and for this we need Federal help.

We in the private sector are doing as much as we can. We will not accomplish this task unless we get help from outside.

I would be happy to answer any questions. Thank you, Senator.

[Mr. Egle's prepared statement follows:]

TESTIMONY OF THE LIAISON GROUP FOR INTERNATIONAL EDUCATIONAL EXCHANGE

BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS
BY JACK EGLE, LIAISON GROUP CHAIRMAN AND
PRESIDENT, COUNCIL ON INTERNATIONAL EDUCATIONAL EXCHANGE
APRIL 1, 1985

The Liaison Group for International Educational Exchange, a coalition of the chief executive officers of major nonprofit organizations engaged in international student, scholar and citizen exchanges, appreciates the opportunity to present recommendations to this distinguished Committee regarding the international exchange programs under your purview. The Liaison Group's membership has a broad and substantial base of experience with international exchange activities and we are pleased to be able to share this experience with you.

First, however, we wish to communicate our sincere appreciation for the very important contribution the Committee and its distinguished members have made over the last several years to the reconstruction and enhancement of U.S. international education and exchange programs. Establishment of the Soviet and Eastern European Research and Training Program, the Endowment for U.S. — India Cooperation, the Charter for USIA's Bureau of Educational and Cultural Affairs, and, most importantly, the Pell Amendment and the growth in USIA's exchange programs it triggered — all of these legislative initiatives are very positive contributions to international educational exchange. On behalf of our nineteen organizations, their several thousand institutional members, and the seventy thousand professionals and volunteers affiliated with Liaison Group organizations, we wish to convey our gratitude.

We are very pleased to see a growing consensus forming within the present Administration — at the Department of State, USIA, and AID — and in the Congress that international educational exchange programs meet very fundamental national objectives. A renaissance has begun in U.S. exchange activities, thanks to the efforts of this Committee. Building upon this momentum, the exchange community believes that exchange activities can assume the central role in U.S. international policy envisioned by the distinguished former chairman of this Committee, J. William Fulbright, in the aftermath of World War II.

Toward this goal, we wish today to briefly raise four issues for the Committee's consideration, relating both to current issues before the Committee and to the future of U.S. government involvement in international exchange activities: 1. the further development of core USIA exchange programs; 2. the U.S. Scholarship Program for Developing Countries Act currently pending before this Committee; 3. the enhancement of the government — private sector partnership as a primary means of increasing international exchange programs; and 4. pressing national needs to send more Americans abroad, particularly to the nations of the developing world.

Strengthening core USIA programs. First and foremost, we urge your continued support for the Pell Amendment's program to enhance USIA exchange-of-person activities by inclusion of specified levels of minimum funding for core exchange programs in the fiscal year 1986 and 87 authorization bill for that Agency. This Committee's leadership initiated and nurtured this important process of reconstruction of the Fulbright and other core USIA programs and it will be needed more than ever this year if the process is to be completed.

Why are these programs so important? They benefit the nation by providing our most direct educational link with other nations and peoples. They enhance our economy by increasing the market for our products abroad and by supporting our educational sector. But perhaps of greatest importance to the nation is their diplomatic value. Writing in a volume celebrating the 30th anniversary of the U.S.— Finland Fulbright program, Dr. Allan A. Kuusisto, president emeritus of Hobart and William Smith Colleges, articulates the unique diplomatic role international exchange programs fulfill:

> In the nearly four decades since Senator William Fulbright's exceptional legislative initiative led to the scholarly exchange program which bears his name, the United States foreign educational interchange programs have become low key, low cost, yet effective vehicles for developing a sense of shared community between American and foreign scholars. These have strengthened mutual understanding and support for one another's national interests. This is particularly evident in the scholar exchange relationship between the United States and Finland . . .[which] has evolved into a subtly valuable vehicle for maintaining American interests where traditional Cold War devices of foreign policy could only provide disastrous results.

How well do these programs work? A strong indication of their effectiveness was provided recently by a carefully conducted study by the Institute of International Education of the ITT International Fellowship Program, which provides scholarships for graduate study abroad to students from the U.S. and selected countries. Analysis of the responses of nearly three hundred former fellows reveals tremendous growth in their professional skills, international competence, and language proficiency. Knowledge of their host society's way of life, customs, traditions, politics, and economics was greatly increased. Positive attitudes toward other nations and their citizens markedly increased. Perhaps most significantly, the proportion of those who are actively doing something themselves to improve international understanding rose from 27% before their fellowships to 50% after.

The results reported by the University of Arkansas from just one scholar's placement there from Costa Rica show their high pay off value:

> Professor de la Ossa's activities have created important links with the Organization of American States, have helped establish a joint study program linking the University of Arkansas with the National Autonomous University of Costa Rica, and have resulted in additional non-university funds for Latin American students on the University of Arkansas campus.

One of the great contributions of these programs is their human value in bringing the U.S and other nations together on a person-to-person basis. This story can only be told in personal terms. Consider the observations of a scholar from Great Britain who wrote back about his Fulbright sojourn in America:

> If the Fulbright program can do anything, it is to remind us that we are different, one from another, and that those differences provide the opportunity for us to compare and learn from one another. This program provides the means and the occasion for such a learning process. For my part, the greatest thing I have learned is that the United States is vastly more complex, diverse and fascinating as a society than one would have anticipated. I can only hope that those listening to my formal lectures and informal talks might have gleaned that we in Europe too, are diverse and anxious to plough our own furrow.

In setting appropriate minimum funding levels for core programs to meet the Pell Amendment's doubling goal, it is our hope that the Committee will provide an amount for the Private Sector Program adequate to allow it to enhance the many reputable and long-standing exchange programs, (e.g. Council of International Programs, Sister Cities International, et.al.), which it supports.

It will be difficult to win approval of the small funding increases needed this year to complete the rebuilding program set in motion by this Committee in 1982. It will not be possible without your assistance and continued leadership.

The U.S. Scholarship Program for Developing Countries Act. This important new legislative initiative begun so successfully last session by Mr. Mathias and Mr. Bingaman is greatly appreciated and supported by the Liaison Group as an important new element in the further enhancement of U.S. exchange programs. The crafters of the bill requested the consultation of the Liaison Group and a selected group of its members in the early stages of its development which enabled us to provide the technical support required to include, we believe, all the elements needed for a successful program for the special group of developing nation students the program aims to reach. It is particularly important for a program drawing students from less advantaged backgrounds to provide strong advising services abroad and on U.S. campuses, to include support for English language and other needed remedial programs, and to make special efforts to maintain strong links between the students and their home countries during the program.

There are concerns within the higher education and exchange communities about two potential problems relating to enactment of the scholarship program which we hope the Committee will make special efforts to avert. The first is the possible syphoning off of resources from traditional exchange activities which might result from enactment of the legislation. It is crucial to ensure that the very valuable traditional U.S. government exchange programs of both USIA and AID are not jeopardized through this new initiative, and that they can continue to modestly expand in the future. The second concern is to ensure that this new effort, which receives such a strong impetus from the very active role of the Soviet Union and its allies in the scholarship field, be conducted according to the highest standards of academic integrity. The bill takes pains to protect the program from any potential efforts to introduce indoctrination into it by explicitly requiring that activities be conducted under the provisions of the educational exchange Charter enacted in the last authorization bill for USIA. It will be important for this Committee to take special care in its oversight that the Charter's provisions are vigorously maintained.

We would also like to recommend that the Committee strengthen the bill's provisions relating to programs for American students to study in the developing world. Current language calls on the President to increase such opportunities. This is commendable and appreciated, but we would like to see the bill go further than this in this very important and neglected area. We will return to this topic later in our testimony.

With these two cautions and one recommendation, we offer our strong support for this important legislation and commend the bill's sponsors.

Enhancing the government — private sector partnership to increase exchange activities. A recent General Accounting Office study of Soviet versus U.S. exchange programs in Latin America recommends that "the United States needs to further explore options for making the best use of limited federal training resources to complement and bolster the significant private sector efforts which have traditionally played a key role in international education exchanges." The Liaison Group strongly recommends this approach to the Committee as the best means to achieve significant expansion of international exchange programs with minimal federal expenditures.

The expansion of the major scholarship programs of USIA's Bureau of

Educational and Cultural Affairs has been absolutely essential and should continue. However, the Bureau's Division of Student Support Services, which provides support for privately sponsored exchange participants' programs, has not received the resources it needs to carry out its role as a catalyst for private sector exchange efforts. We strongly endorse USIA's request for a small increase from $3.6 to 3.75 million for this valuable program, but we do not believe it goes far enough.

There are currently over 328,000 such privately sponsored foreign students in the U.S. Their presence constitutes a tremendous contribution to U.S. public diplomacy objectives. Current USIA programs only provide about ten dollars of federal support per student per year to increase their numbers and enrich their experience.

Expanding support to these private sector efforts would result in greatly multiplied benefits for international exchanges. For example, increased federal support to establish educational advising services overseas where they are not now available would bring greatly increased numbers of privately sponsored students. Modest increases in resources for programs to enrich community and campus programs for foreign students would greatly increase the quality of their experiences and the public diplomacy gains from these programs.

The President's International Youth Exchange Initiative serves a similar catalytic and leveraging role in expanding exchanges between U.S. youth and those from many other nations, and we strongly endorse USIA's request to increase this program from $4.6 to $5 million in FY86. In addition, we urge that renewed attention be devoted to encouraging greater participation in this program by the developing countries.

It would be an appropriate, very low cost, and cost-effective complement to the rebuilding of the Fulbright and other scholarship programs accomplished through the Pell Amendment to embark on a similar program for USIA's programs supporting private sector activities. A useful approach to such an initiative would be to convene a conference of exchange organizations, educational associations from all levels, and appropriate government agencies to lay down the basis for such a program. We hope you will consider it. The Liaison Group would be pleased to assist in facilitating such a conference.

Sending more Americans abroad. Finally, the Liaison Group wants to call to the Committee's attention the urgent need to send more American students abroad to study in more places than Western Europe.

The field of study abroad for American students is a relatively young and dynamic exchange area that has grown and flourished without the support of federal funds. It is, in a modest way, a genuine success story of American self-initiative. The number of students participating in study abroad are abysmally small when compared to our national needs. They do not exceed 1.5 percent of our college age students.

Most of those studying abroad are doing so in Western Europe — England, France, Spain and Germany etc. Only a few thousand are studying in the developing world where much of the U.S. economic and political future may well lie. Since over three-quarters of the world's population lives within these nations, and the countries of the developing world are increasingly important to the U.S., this is an area of genuine concern to the members of the exchange community and we are anxious to do something about it.

We call this problem to the Committee's attention because we are convinced that the problem cannot be dealt with, at least initially, without support from the federal government. Study abroad programs in Europe and a few selected locations can make their way and even prosper on their own. The incentives and economic factors are not on the side of the private sector in building study abroad programs in developing nations.

We recommend that a doubling of American students studying in the third world could be achieved within three years through a modest multifaceted program. Our institutions and organizations know what the problems are and what it will take to resolve them, but they do not have the means to implement an effective solution without your help.

It is our hope that these recommendations are useful to the Subcommittee in its deliberations. Thank you, once again, for the opportunity to present our views and for the support the Committee has given for expanding and improving the quality of U.S. international student, scholar, and citizen exchange programs. Your efforts are deeply appreciated.

Senator HELMS. Thank you very much.

Before I came to the Senate I served a year as president of the Raleigh Rotary Club, and I have often said that the finest job in Rotary is that of past president. But during my year I also got an education from our exchange students. Our club was very active in bringing young people to this country and sending people to other countries.

I recall a young lady from France who attended Meredith College in Raleigh under sponsorship of our club, and we encouraged her to go and speak to other Rotary Clubs in our area. Mrs. Helms and I had the privilege of driving that child to a speaking engagement and she mentioned that she had gotten a driver's permit, and that she would like some practice driving.

After one of her appearances we were returning from Louisburg, which is about 31 miles from Raleigh, and Mrs. Helms suggested that I let her drive. We almost went into a cornfield, but it was an educational process for me.

Those young people who came to North Carolina have stayed in touch with us through the years, and I am sure the reverse is true. So there is no question about the propriety of the program and, as a matter of fact, I consider it essential.

I raise the question that I raised to Mr. Wick earlier. I believe that you could get even more support from the private sector if something of that sort were done in terms of public service programming. How to do that would be a matter for discussion. But I think that you could get people to underwrite that and maybe you are already doing it. If you are, then forgive me for making the suggestion.

I do not believe I have any questions that have not been covered in your prepared statements, but I may have some subsequent ones, if you will permit me, and inasmuch as Mr. Feulner has a plane to catch I will not prolong it. But I will just ask each of you if you have further comments.

Mr. FEULNER. Let me address the specific question which you raised, Senator, about the private students participating in U.S. educational programs here, because I think it is an important one. I mention it briefly in my prepared statement.

The number seems to vary depending on the witness. My number was 339,000 foreign students. The Director's was 338,000, and my colleague here used some 320,000. In any event, it is very clear that the vast majority of the overseas students studying in institutions of higher education in the United States today do not receive U.S. Government support. We estimate it at above 98 percent.

Many of these students are the children of leaders in their own societies and many will, of course, become leaders when they return home. The ties that they form in this country and the insights they gain into American customs and values can influence relations between their countries and ours in the future.

There is currently, Mr. Chairman, a very small program in the education office of the USIA, about $1.5 million annually, which is supposed to serve the needs of these students. Now as you can see $1.5 million spread among 338,000 people does not go very far. And unfortunately, the current interpretation of the Pell amendment is that this program cannot be altered internally, cannot be increased to more effectively serve these 98 percent of the students over here who do not receive Government funds.

It is an area that our Advisory Commission—we are all part-time volunteers, as you know—intend to look into and perhaps come back with some very specific recommendations to you and your colleagues. It does seem to me that it would be a good area where some very substantial returns could be had for a fairly modest amount of money.

In other words, we do not have to support all of their educational costs, but perhaps by doubling or tripling this very modest program we could reach these 98 percent of the other students who are here privately. I just leave you with that one thought as the kind of thing where perhaps we might be looking in the future and working with you and your colleagues on the committee to hopefully come up with some improvements in the USIA operations.

Senator **Helms**. I certainly agree. Why don't we just informally agree to get together and think about it out loud among ourselves? Several options come to my mind. I am a great believer in the private sector doing everything it can and taking it away from the public sector. But we will talk about possible options.

I want to commend all of you for your interest in what is being done. As I said earlier, I cannot think of any aspect of national defense that is substantially more important than having the USIA operate at maximum potential, and you folks are doing a great deal in that regard. As chairman of this committee, I commend you and I appreciate your coming this morning.

Bear in mind that there may be written questions from Senators who are not here and if you will respond to those for the record I will be grateful.

Mr. **Feulner**. We will indeed, sir.

Senator **Helms**. Thank you very much for coming. If there is no further business to come before the committee, we stand adjourned.

[Additional questions and answers follow:]

USIA's Responses to Additional Questions Submitted for the Record

Question 1. What is the final cost of the VOA modernization program and how long will it be before it will be completed?

Answer. As now projected, the basic components of the VOA modernization are estimated to cost $1.3 billion, with essential funding to be completed by 1990. Other aspects of modernization, now under review, might require further funding in 1991 and 1992.

Question 2. What would be the effect of a 50 percent cut in modernization funding in FY 1986?

Answer. A cut of 50 percent would seriously jeopardize VOA's ability to carry out the modernization program in a timely fashion. The Voice of America is far behind the Soviet Union in hours on the air, the number of languages and the number of state-of-the art high power transmitters. As now planned, it will take years for us to close this critical gap in our competitive position. Major projects such as new sites in Israel, the Far East and Europe could not be started—and these are key sites for the VOA network, particularly for reaching the Soviet Union. The significant upgrading of existing sites could not be started and such other key modernization components as the worldwide operations center, new studios and a test facility would all be eliminated by a cut of these proportions.

Question 3. We understand that there is $40 million in unspent VOA construction funds projected?

Answer. At the end of this fiscal year (FY 1985) we project a carryover of only $16 million. At the end of FY 1986 we believe virtually all of our carryover will be eliminated.

Question 4. What hard evidence do we have that the Voice is effective? Who listens and how do we know?

Answer. VOA effectiveness can be measured in many ways. Last year VOA received more than 260,000 letters and cards from listeners around the world, an increase of 40,000 over the previous year. 1985 mail shows a further dramatic increase, with mail now averaging 35,000 pieces per month.

Effectiveness is perhaps best illustrated by concrete evidence. For example, in August 1984, USIA sponsored an exhibit on the American space shuttle at the Embassy in Sofia. Announcements about the exhibit on VOA constituted the only incountry promotion and caused more than 3,500 people to show up in the first 2 days.

Each year the U.S. Ambassador to Czechoslovakia visits 13 sites in Moravia to lay wreaths at memorials commemorating U.S. fliers shot down in World War II. Last year the Embassy reported that despite heavy rain the ceremonies attracted roughly twice as many spectators as the year before, attesting to VOA's large listenership. Many said they had heard the schedule of events over VOA and some traveled from site to site.

Attached is a brief summary compiled by VOA's Office of Audience Relations called *Feedback '84*. This summary includes numerous examples of VOA effectiveness from all continents and testifies to the value listeners place on our broadcasts.

Also attached is a copy of recently completed work by the USIA and VOA Office of Research which provides the most up-to-date information available on the VOA listening audience. This document details the methodology used to compute audience figures, and provides insights about who listens to the VOA and why they listen.

FEEDBACK 1984

Surveys conducted under the auspices of USIA Research provide data on audience size and demographics. A constant stream of feedback from other sources—listener mail, press reports, comment from emigres, and observations by visitors touring foreign countries or those coming to the United States—offers insight on who is listening and what they feel about VOA broadcasts.

REACHING OUT

More than ever it seemed, VOA services were in direct touch with their listeners and media in the countries to which they broadcast. In December 1984 for example:

VOA Amharic's fund-raiser at the Holiday Inn garnered more than $35,000 for famine relief in Ethiopia. Guest speakers for this event were Congressman Howard Wolpe, C. Payne Lucas of AFRICARE, Dr. Aklilu Habte of the World Bank, and Tim Knight of AID.

VOA Spanish, as requested, provided Venezuela's national radio network, with live, satellite-fed coverage of President Jaime Lusinchi's meeting with President Reagan. In a second VOA-South American media hook-up that week, Rome correspondent Roger Wilkison reported in Spanish on the Beagle Channel agreement ceremony for networks in Chile and Argentina.

VOA Chinese met with a Mass Communications delegation from the PRC. The group's secretary, Zhang Yifan, has not only listened to VOA but written about the broadcasts as well including an article in the December issue of Journalism Commentary on "The Nature of VOA and its Propaganda Techniques." Mr. Zhang praised VOA for rapid news reporting, citing our coverage of the Chinese Pacific missile test in 1980 which was a day ahead of the Xinhua wire service and felt VOA now plays a more independent role as an instrument of foreign policy.

ARTISTS AND HEADS OF STATE

Egyptian film director Samir Seif told us that he is a regular VOA Arabic listener, "because I am interested in the various aspects of American life in general and cinema in particular (and) believe that VOA is distinguished by neutrality and objectivity."

Twice during the year, Japanese newspapers reported that Prime Minister Nakosone was a morning listener. He was quoted as having learned of the Kitty Hawk-Soviet sub collision from VOA and heard VOA's account of his nomination "while brushing his teeth."

Sudan's President Jafaar Nimeiri—during an interview for the Arabic Service—commended NOA for its factual and objective reporting about his country.

On learning that one of his favorite Radio Tunis reporters, Fatma Azouz, was participating in an exchange program with VOA, President Bourguiba commented that it was "truly wonderful (that) one of our good people would be on the staff of VOA."

Emmy-award winning director Ilie Hagopian told us that VOA's interview with him "was a great success in Romania." After its broadcast, his father received more than 25 phone calls from friends and strangers, and the weekly Saptamina quickly published a story about me and the Emmy."

Artist Albert Shvili told the U.S.S.R. Division that while in the Soviet Union, he had listened to both our Georgian and Russian Services, but preferred the latter for language usage and content. Today, however, he would tune-in the informative, relevant and well presented Georgian programs.

OTHER VIEWS ON VOA GEORGIAN

An American journalist who talked with VOA Georgian listeners in Tbilisi—students, journalists, teachers, architects, photographers, actors—wrote to pass along their comments. The broadcast time is really too early, they told her, but the programs have improved, especially the quality of language usage. Students also mentioned that while they can hear and understand VOA Russian programs, they listen exclusively to the Georgian broadcast, preferring its original (tailored) content. "I came away with the feeling," she added, "that the VOA's Georgian Service is a little like a campfire to these people: they warm themselves around it, receiving stimulation and warmth."

These broadcasts also concerned Georgian-language print media in the U.S.S.R. A newspaper for youth claimed that "VOA had become the number one subversive radio center whose main business is anti-Sovietism and anti-communism, while the magazine Ziskari carried a six-page article on the VOA/USIA titled, "Problems of Fighting Against the Ideology of the Bourgeoise."

RELIGION, HUMAN RIGHTS—SIGNIFICANT VOA RUSSIAN TOPICS

Father Potapov, editor of the Religion in our Life series, visited the Soviet Union in late 1984 where he met many people who could hardly believe that the editor of this VOA Russian program was actually visiting their country. There is, he learned, enthusiastic support for programs on religion. To listen in spite of the jamming, Moscovites ask suburban friends to record the broadcasts.

The Russian Service's role in conveying U.S. support for human rights was recognized by the Jewish Organization of Central New Jersey at ceremonies on December 9 attended by some 400 people including members of the Congress.

CONOVER . . . HONORED IN POLAND

MUSIC USA MC Willis Conover was given an "incredible official reception," in Poland during his visit for the 1984 Jazz Jamboree, Embassy Warsaw reported. At the airport, he was met by officials of the Polish Jazz society, three camera crews including Polish TV and Film Folski, and a jazz band playing his "A Train" theme. Videotapes of the welcoming ceremony and an interview with him were telecast three times on Polish TV over the next several days. He was honored several times during the Jamboree itself and presented a crystal cup commemorating the 25th aniversay of his first trip to Poland.

A REPORTER'S NOTEBOOK ON VOA LISTENING

Economics editor Barry Wood learned just how closely VOA reportage is followed while covering developments in South America and the Interamerican Development Bank's meeting in Uruguay. At the Punta del Este conference, the Economist and Financial Times correspondents told him they were regular VOA listeners. His name, and that of Spanish Branch economics reporter Oscar Minosa, were also recognized by Argentine journalists at the conference and Minosa's reports, he was told, are rebroadcast by dozens of Latin American stations. In Buenos Aires, three American bankers were among those who said they depended on English's Report to the Americas, while on the return plane trip, two World Bank specialists on Africa noted that VOA and BBC broadcasts are piped to guests at the leading hotel in Lilonowe, Malawi. A few months later, Wood received a letter from the general manager of an Indonesian corporation who said, "BBC's financial news used to be the most important, but now your program is . . ."

VOA NEWS—A SOLID BASE FOR UNDERSTANDING

A listener in Iraq wrote, "VOA stands foremost as the station with the richest content, factual news, candid expression and democratic thinking. You have eliminated the wall that separates a radio station from its listeners, thus building a broad and solid base throughout the Arab world."

Subsequently, VOA Arabic correspondent Mohamed Ghuneim, on assignment to cover the Gulf War, was welcomed by Iraqi officials who promised him a visa at any time. While there, Ghuneim observed that there appears to be wide listenership to VOA Arabic's Newsnight program.

VOA—NEWS SOURCE AND MODEL FOR FOREIGN MEDIA

VOA's interview with Assistant Secretary Palmer on US-Yugoslav relations broadcast by the Serbo Croatian Service in January 1984 became the subject of a 90-line front page story in Politika, Yugoslavia's most influential daily paper. Long excerpts from the interview were quoted with attribution to VOA.

The Arabic Service's interview with Egyptian Foreign Minister Esmat Abdel Meguid last October was transcribed and printed on page one of the English-language Egyptian Gazette.

A talk with UCLA Professor Stanley Wopert, author of "Jinnah of Pakistan" on VOA Urdu was reported on the front pages of three Pakistani newspapers (two Urdu and one English) and carried by the Associated Press in Pakistan.

The director of the Samleng Khmer Radio, a resistance station near the Thai-Kampuchea border told VOA reporter Tes Saroeum that his station not only follows VOA Khmer broadcasts, but copies their formats as well. He praised language usage on the Voice broadcasts, noting that the service is unlike other Khmer-language stations which tend to use coarse language to insult their enemies.

TRAVELERS' ADVISORIES

Tourists at VOA last August heard testimony on the effectiveness of VOA broadcasts from a fellow tourist, who it seems, was a Czech emigree. He described the popularity and importance of the broadcasts in his native country and said their tax dollars were well spent on VOA.

Visitors to and from Latvia provided insights. A visitor from that country paid a surprise call on us and passed along some fresh observations on VOA listening there. Our breakfast show, we were told, is not as heavily jammed as our other broadcasts, but is at an inconvenient time; VOA listeners, the visitor added, gather in groups to share special programs such as those on religious holidays and, of course, Latvian Independence Day. An American traveller brought us a quickly, scribbled note handed to her in Riga by a young listener who wants to hear even more discussion about meetings which relate to Latvian freedom and more rock music by Latvian groups in the West. "Continue to speak for us," he urged for, "our mouths are muzzled and our hands are tied."

A Radio Liberty staff member who visited Sinkiang Province last October learned that people there have been turning to VOA Uzbek broadcasts as their main source of foreign news since RL stopped broadcasting in the Uighur language several years ago. VOA Uzbek reception in the area, he reports, is very clear.

An Albanian who escaped from his country two years ago visited VOA last year. He had been a regular listener before leaving his country and knew of many others who were as well. "VOA broadcasts," he told us, "serve as morale boosters as well as a source of information." Meanwhile, visitors from Yugoslavia tell us that the Albanian Service is widely listened to in their country. For example, one visitor said, he had seen a group of ten or fifteen students gathered in front of a university building in Prishtina listening to VOA Albanian. (There are 1.3 million Albanian-speakers in Yugoslavia.)

LISTENERS ENJOY COUNTRY MUSIC

During 1984, VOA's increased programming on American country music and began offering live coverage of significant events such as Charlie Daniels' annual Volunteer Jam. Last May, for example, country music star Charlie Daniels visited us to draw the names of VOA T-shirts winners from some 500 entries received in response to an offer carried *only* during live coverage of the 1984 Volunteer Jam in English, Hindi, Spanish and Polish. In December, VOA Polish carried Christmas wishes from twenty country music artists which had been recorded in Nashville by broadcaster Rose Nowotarska, who in 1984 produced more than 50 programs on country music, many featuring interviews with noted performers. Her listeners responded enthusiastically: fan clubs formed in Warsaw, Otwock and Nowa Huta and the Polish Service received more than 2,000 letters about the programs.

LISTENERS EVERYWHERE CRITIQUED PROGRAMMING AND SIGNALS

Morroco, "You focus effectively on (U.S.) domestic news and keep us informed about important developments in every field. This is important to us because America is a leader. It is the only country which feeds every other country in the world not only materially but also intellectually and morally."

Pakistan, "No other foreign broadcaster can match your Urdu programs for information, interest and truthfulness, (but) it would be better if you increased your morning program from 30 minutes to an hour.

Cuba, "I listen to your programs morning and evening. I like the idea of doing telephone interviews. it is a shame it cannot be done here, but they do not allow anybody to freely express feelings, especially not to the VOA, which tells us so many truths. I must tell you that over 60 percent of the people here listen to you. They have jammed you and intercepted you, but we still listen because it is the only way we can find out what is happening in the world."

Egypt, "Your efficiency and objectivity in covering news stories whenever and wherever they break, are admirable. Likewise, we admire your variety shows and features which entertain and enrich our minds with useful information."

India, "I listened with great interest to VOA's coverage of the Olympics in Los Angeles. The indepth and on the spot coverage of events, interviews with athletes and reports on their training and background, were out of this world!"

Nigeria, "Thank you for bringing us live coverage of breaking events at the Democratic and Republican conventions. We enjoyed VOA's coverage of these events and I for one felt I was on the scene. VOA reporting is really superb and I commend all of the staff."

China, "There's always a jamming noise from somewhere—well you know where. So I wish you station could send out superpower broadcasts to put down those annoying noises."

France, "I try to listen as often as possible—if I can hear you. Your VOA programs are very enjoyable and the presentation is excellent. Congratulations. But Radio Moscow is a plague! It's constantly interfering on several bands."

Thailand, "I highly commend your programming . . . (but) your transmitter power is less effective than that of Radio Peking. If your excuse is the distance, why not consider setting up a nearby relay station. As the technological leader of the Free World, your signal quality should be stronger than that of the communists."

Saudi Arabia, "You work so hard in preparing such good programs and your listeners are ever so keen to listen, but this continuous jamming (interference) spoils everything. Please do someting about it."

Poland, "Your programs enable me to take my breakings and to find out what's really going on in Poland and in the world. When I think of the thousands of students thus enriching their knowledge of the world—it must eventually enhance mutual understanding and friendship among nations. This is why your activity deserves our fullest support."

VOA LISTENERSHIP, 1985

Summary

The Voice of America attracts and holds listeners from every part of the world. Surveys among foreign publics and letters from VOA listeners reveal that:

VOA appeals to all population groups. Although the composition of VOA audiences differs from country to country, almost all listeners are politically inquisitive and interested in other societies.

The principal reason people tune to VOA is to hear news. Listeners laud VOA for timely coverage, on-the-spot reporting and objectivity.

Information about all aspects of America is also a major reason for listening. American achievements in science and technology, the U.S. point of view on issues, and American culture and music are all important for listeners.

Although VOA's appeal can be amply documented, the number of VOA listeners worldwide can only be estimated roughly. To establish the size and program interests of VOA audiences, USIA has commissioned or obtained surveys measuring listening to foreign radio in 58 countries in the past eight years. In addition, interviews conducted in Western Europe with travelers from Communist countries from the basis of audience estimates for five Eastern European countries and the Soviet Union.

To estimate VOA audiences worldwide, survey findings of listening patterns are applied in a computer simulation to non-survey populations.[1] To do this, countries are first grouped into geographically contiguous areas; within areas, by language and levels of development. Listening rates from surveyed countries are then extrapolated to non-survey countries. The estimated audience totals are then added to yield area and worldwide totals.

These steps do not fully compensate for the fact that some of the survey results are dated; the estimates' reliability therefore varies from region to region depending on the recency and coverage of surveys. Many studies sampled urban areas only, making it necessary to estimate ratios of urban to rural listening rates on the basis of data from nearby countries. Neither are the survey data up to date with VOA's improvements in signal delivery to some areas and its addition of new language services. In some areas (China and Central America) special estimates were done, in the absence of other data. The procedure builds an estimate from the ground up, step by step, rather than making sweeping guesses about broad areas.

The following general conclusions emerge from the estimates:

Worldwide, some 120 million adults regularly listen to VOA. This estimate is limited to people aged 15 years and older who listen to VOA at least once a week. It does not include occasional listeners or "indirect" listeners— those who hear VOA programs re-broadcast on domestic stations. Indirect listenership is believed to be considerable in Africa and Latin America.

VOA is most popular in Eastern Europe, where country listening rates vary from 17 percent to 45.5 percent; in the Soviet Union, the estimated rate is 11.5 percent.

In countries of Africa, the rates range broadly between 1 and 20 percent. VOA listening rates in Francophone Africa have been hurt in recent years by new competition.

In the Arab world, listening levels among national adult populations range from 1 to 11 percent.

East Asian and Western European lsitening rates to VOA are comparatively low: between 0 and 1.5 percent.

ESTIMATING VOA LISTENERSHIP WORLDWIDE

Worldwide, some 120 million adults (aged 15 and older) regularly (at least once a week) listen to the Voice of America. This estimate excludes the many who hear VOA programs locally re-broadcast on domestic stations.

VOA listenership worldwide

[Adults who listen to VOA at least once a week]

Region:	*Millions*
West Europe/Canada	2.1
East Europe	29.9
U.S.S.R.	23.6
Near East/North Africa	7.0
South Asia	15.7
Sub-Saharan Africa	13.1
East Asia/Pacific	2.4
China	20.2
American Republics	4.9
Caribbean	1.1
Total	120.0

These estimates are based on studies examining the reach of international broadcasters. The one exception is China, where the number of listeners represents an informed guess based on media surveys, interviews with professionals who have worked in China, and recently published findings of the 1982 Chinese census. In Central America, audience estimates are partially based on interviews with urban residents who have at least some secondary education. Results from those interviews were adjusted to represent national listening rates. For all other countries, the nubmer of VOA listeners is derived from the findings of surveys conducted among foreign publics.

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[1] The estimate for China is not based on audience surveys; it is an informed opinion based on media studies and the findings of the 1982 Chinese census.

Surveys of foreign radio listening from 58 countries have been used in this estimate. Of these, 29 were national and 29 were urban-only samples. All data are from 1975 or later; 45 surveys are at least as recent as 1980.

Estimates of listening levels in the European Communist States are based on interviews in Western Europe with travelers from the U.S.S.R. and five East European countries.

To estimate VOA's global reach, the listening patterns derived from survey findings were applied to unsurveyed populations. Projections were made by grouping countries into geographically contiguous zones and within those geographic regions by cultural and linguistic similarity, level of economic development, and media environment. Whenever possible, projections were made on the basis of results from two or more surveyed countries.

The reliability of the estimates varies from region to region, depending on when the country surveys were done and what populations were covered.

In most industrialized countries (Western Europe, Japan and the U.S.S.R.) and in East Europe, surveys of national populations were done in the 1980s.

In developing countries, survey coverage and recency varies considerably. Several countries not surveyed since the early 1970's are presently being re-surveyed to remedy the problem of an aging data base.

Because not all countries have been surveyed and because some surveys are dated, many assumptions have been required to produce regional and worldwide figures. For this reason, the estimates of VOA's reach must be viewed as very rough approximations with a potentially large margin of error. To avoid giving the unwarranted impression of precison, figures are rounded to the closest 100,000 listeners.

WHO LISTENS TO VOA

VOA attracts listeners from all population groups—from young and old, urban and rural residents, laborers and professionals. A characteristic common to most listeners is that they are politically inquisitive and interested in other societies. VOA listeners, as with international radio listeners in general, appear to be mostly males.

In the developing countries, VOA's appeal is strongest among adults with secondary or higher education. In some countries, VOA attracts up to 45 percent of the university-educated adults. Surveys indicate significant regional differences:

In industrialized countries, there is less demographic variation among VOA listeners than in the developing world.

In the LDCs, there are greater differences between urban and rural listening rates:

In Africa and Asia, VOA appears to have wider appeal in urban than in rural areas.

In Latin America listening levels tend to be slightly higher in rural areas than in the more media-rich cities.

These conclusions have to be viewed with caution for, as already noted, current data on listening levels are available in only a few countries. Application of the results of surveys done in the early 1980's probably underestimated current listening levels for rural areas.

WHY PEOPLE LISTEN TO VOA

Surveys have invariably found that listener interest in news and news-related programs is the principal reason for listening to VOA.

In the information-rich countries, VOA is a supplemental source of information. Listeners point out that listening to VOA permits them to compare and contrast the manner in which events are treated by different news sources.

In countries with state-controlled media, publics are aware of censorship and distortions in their domestic media and turn to foreign sources such as VOA to keep abreast of both international and national events.

In the developing world and information-poor societies, such as rural Latin America and much of Sub-Saharan Africa, VOA serves as an important news and information source.

"To get information about America" is frequently cited as a reason for listening. The Voice of America serves as a direct link between the United States and its listeners, informing audiences about U.S. foreign policy, the American political and economic system, scientific and cultural achievements, and life styles.

Science and technology are topics of particular interest to VOA listeners worldwide. VOA's live coverage of space shuttle missions always draws a surge of letters from listeners.

For many listeners, VOA offers an opportunity to enhance English language skills. Some listeners tune to VOA English to practice the language. English language courses on the VOA Arabic, Czechoslovak, Chinese, Polish and Portuguese (to Europe) services appear to attract small but highly motivated groups of listeners. VOA Special English has a devoted following, particularly in China.

COMPARING 1984 AND 1985 LISTENERSHIP ESTIMATES

Based on the most recent surveys, the 1985 worldwide audience estimate is about 9 percent larger than the 1984 estimate. Two factors account for most of this increase: population growth and urbanization. In addition to new survey data, up-to-date estimates of urban/rural country breaks have been entered into the database. The new population base probably accounts for the LDC listening rate increase. In general, listening rates are higher in urban areas.

The estimated number of VOA listeners in the Soviet Union is down slightly, probably reflecting more intensive Soviet jamming of Russian and minority Soviet languages.

Increased African rates are attributable to urbanization and population growth. Against this backdrop there are regional counter-trends: VOA French-language listenership in West Africa has dropped over the past several years, reflecting the tremendous impact of new competing stations with more powerful signals than VOA's.

The estimate for China has been raised from 18 million in 1984 to just over 20 million in 1985. This reflects a greater understanding of China's population composition, based on the PRC's recently published national census.

The 1985 audience estimate for Eastern Europe, which is slightly larger than the 1984 estimate, results primarily from a considerable increase in VOA's Polish listenership found in studies by Radio Free Europe. This, together with a small increase in Romania more than offset slight drops in Czechoslovakia, Hungary and Bulgaria.

New survey data from Jordan indicate that rural listening in that region is considerably higher than earlier believed.

DATA SOURCES FOR LISTENERSHIP ESTIMATES

The 1985 estimate of VOA audiences is based on both national and urban surveys conducted in 58 countries since 1975. Data on VOA audiences in Eastern Europe and the USSR were collected through personal interviews with visitors to Western Europe. The Chinese audience figures are a calculated guess, based on media surveys, interviews with professionals who have worked in China and recently published census data. Central American estimates are an adjustment of partial urban rates to yield national estimates. The table below gives an overview of the data base:

Region	Population surveyed			Year of fieldwork	
	Total	National	Urban	1980's	1979–75
Africa	10	3	7	7	3
Am. Republics	13	5	8	12	1
East Asia	5	2	3	4	1
West Europe/Canada	9	8	1	7	2
East Europe/U.S.S.R.	6	6		6	
Near East	12	3	9	6	6
South Asia	3	2	1	3	
Total	58	29	29	45	13

In arriving at the current estimates, all surveys conducted before 1975 were dropped.

In most instances, interviews were done by the firms in the country surveyed or by affiliates of international research firms. Most of the surveys were commissioned by USIA's Office of Research; others, by the BBC's International Broadcasting and Audience Research unit. Information on Eastern Europe and the USSR was furnished by Radio Free Europe and Radio Liberty.

Population data used in the audience projections come from the Bureau of the Census' International Statistical Program, the Population Reference Bureau, and other sources.

As mentioned earlier, the estimates are for VOA *direct* broadcasts only. They do not include the audiences to VOA programs re-broadcast on domestic stations. VOA provides service feeds (shortwave transmissions intended for pick-up by overseas domestic stations) and distributes prerecorded program tapes to stations overseas. By excluding the many listeners who hear such VOA programs, the VOA audience estimates are conservative estimates of VOA's actual reach.

VOA service feeds—news items, correspondent reports and features—are carried on regularly-scheduled shortwave transmissions. Feeds are available in English as well as in Arabic, Creole, French, Greek, Hausa, Indonesian, Portuguese, Spanish, Swahili, Thai and Turkish.

Radio stations abroad can record the feeds, or USIS posts may record and distribute them to local stations. For example, in the American Republics, some 2,500 medium-wave stations pick up the 9-minute feed (Monday through Friday) featuring VOA correspondent reports; in Africa, 46 stations pick up the daily feed.

VOA-produced "packaged" programs are available in major regional as well as various national languages: Arabic, English, French, Portuguese, Spanish, as well as Greek, Hausa, Hindi, Indonesian, Creole and Swahili. Tapes are air-shipped to USIS posts overseas for distribution to local stations. Stations in Africa and the American Republics are the heaviest consumers of VOA-packaged programs.

Question 5. Have you been able to spend effectively the large increases in funding for exchanges you have received over the past 4 years?

Answer. Yes. Increased resources for exchange programs have had two major impacts. First, they have permitted us to restore many traditional programs to levels that more adequately address the needs expressed by our overseas Posts. Second, they have permitted us to initiate several new program models that were not previously possible such as the university-to-university linkage program and the proposed undergraduate program.

We have been able to implement these increases effectively and efficiently. From 1982 to 1985, funding of exchange and exchange-related programs, including program direction and administration, have increased by 75 percent. The number of staff positions assigned to these functions has increased by only 6 percent.

Question 6. What improvements most need to be made in the Academic Exchange program? What are its greatest strengths?

Answer. The greatest strengths of the Fulbright Academic Exchange program are:

(1) It is a truly bi-national exchange program; and

(2) There is a strictly open competition for grants.

Fulbright Commissions/foundations are involved in both the design and implementation of the program and are effective in obtaining cost sharing for the program by foreign governments, foundations and private corporations.

The Agency believes there is a need for improved recruitment for grants in the U.S. senior scholar categories. We are working to solve the problem through improved recruitment techniques, e.g. increased publicity materials and communication with a wider community of scholars.

Question 7. Has the Agency considered any new directions or possibilities for Academic Exchanges? Is a large scholarship program for undergraduates to study in the United States possible? Would it be desirable? Have you considered varying the lengths of service of Fulbright lectures?

Answer. The Agency is continually considering new directions in academic exchanges. The university-to-university affiliation programs is an example of a recent initiative. Under its terms grants are made to U.S. and foreign institutions which have an established linkage to strengthen the research and teaching abilities of both the United States and foreign institution.

The Agency awards a limited number of grants to private institutions to are carry out educational exchanges with foreign institutions. Often they are for programs in geograhpic areas where it is easier for a private institution to arrange an exchange than for an agency of the U.S. Government. Examples are a University of Pittsburgh exchange with a Bulgarian university, and Catholic University and a Polish university.

The Agency is continuing to explore large scale cost-sharing arrangements for exchange programs with both foreign governments and private sector organizations. For example, the American Chamber of Commerce Program (AMCHAM) with Brazil, which funds Brazilian students to come to the United States, and the faculty development program in cooperation with ICETEX, Colombia. The Japanese Fulbright Alumni Association matches Fulbright funds for a program of grants to American professionals in business, law, journalism, public service, and finance. For Africa, the Agency has funded a grant to a consortium of three universities for special research projects in the areas of economics, communications and constitutionalism. The Agency has also started a program for a limited number of Francophone Africian students to come to the United States for intensive English language training in preparation for entrance to graduate degree programs.

The Agency does not believe that a large scale undergraduate project is desireable at this time. Undergraduate exchanges require considerably more monitoring of students and can be very costly, especially since students who complete undergraduate study in the United States often want to continue on to graduate study. There is the risk of students not wanting to return to their home countries at the end of their study.

The Agency, however, pays the administrative costs for the International Student Exchange Program (ISEP) based at Georgetown University, which facilitaties the exchange of university-level students on a fully reciprocal basis between United States and foreign academic institutions. The program length is 1 year only. In FY 1984 there was an exchange of 426 United States and foreign students under this program.

Undergraduate exchange programs can be a vehicle to address a specific objective, however. In fiscal year 1985, the Agency is implementing a modest undergraduate pilot exchange program for students from Central America. It will enable approximately 140 students to come to the United States for up to 30 months each. The program will focus on specific fields and levels. For example, one such focus is the upgrading of skills for secondary school teachers who are at present only in the process of completing their undergraduate training.

The Agency has recently approved a type of grant which varies the length of service of Fulbright lecturers. It is called the serial grant for U.S. lecturers. Such a grant will be from 2 to 3 months each year for up to 3 years. Scholars selected for the awards will be assured of 2 to 3 months each year for 2 or 3 consecutive years of lecturing at a foreign university. The scholar can conduct seminars at the same university each year or can be placed at a different university each year.

Question 8. Please describe the purpose of your major grants to CIES, IIE, IREX and other academic exchange groups. Are your grants to them truly cost effective? What is the average cost per student or scholar to each grantee to whom the Office of Academic Programs awards more than $200,000? Please give the figures and the basis for calculating them for each grantee.

Answer. We use the services of these organizations because of their great expertise in providing the needed services, including recruitment and administrative support.

The Agency believes that the grants are cost effective. The administrative cost per foreign student for IIE is $1,793 and is based on six elements: (1) program planning, (2) selection, (3) placement in pre-academic training, (4) placement at an academic institution, (5) supervision and support, and (6) fiscal management. For similar services and programs, the administrative cost per student for the Latin American Scholarship Programs of American Universities (LASPAU) is $4,035 and for AMIDEAST $2,546. The administrative cost per senior scholar for CIES is approximately $2,000 and is based on the following elements: (1) program planning, (2) program publicity, (3) peer review, and (4) nomination of grantees. For IREX, the unit cost is based on placement of scholars in Eastern Europe and vary by grant category. They range from $1,049 for a Soviet graduate exchange to the United States to $4,414 for a U.S. senior research scholar to the USSR. Of a $6,000,000 program, the Agency contributes about $2,000,000. Costs are projected on a man-month basis to conform to the requirements of the bi-lateral agreements between the countries of Eastern Europe and the United States.

Question 9. What is USIA's role in setting criteria and yearly academic priorities for the Fulbright Program?

Answer. During the past 4 years, program planning has become a central dimension of the process of policy making in the administration of Fulbright funds. A country plan review has been initiated. All elements of the Agency and outside organizations connected with the policy, planning and management and execution of the academic exchange programs participate in analyzing the proposed yearly programs submitted by USIS Posts and binational Fulbright commissions around the world. The review includes consideration of new initiatives, alterations of existing programs, budget, and balance in the number of American and foreign grantees.

Question 10. It is sometimes said that the Fulbright Program no longer attracts the very best academic participants. Is this true? Is so, what can or should be done?

Answer. We believe that Fulbright foreign students are among the most talented on university campuses today. Foreign scholars are equally highly regarded by the American academic community. U.S. Fulbright students must undergo a very rigid, demanding competition for grants, which is proof of their talent and intellectual ability.

The one category in which the Agency has experienced some difficulty is the U.S. Senior scholar category. This difficulty is not related to the program's prestige, but rather to factors such as two family incomes and the opportunity to increase salaries in the United States through consultancies and other forms of part time employment which have to be given up to accept a Fulbright grant. In addition, health and school facilities for dependents are also reasons for U.S. senior scholars not to apply for grants to certain geographic areas of the world.

Question 11. Has the International Visitors Programs become too large, or is there still room for productive expansion?

Answer. Given the richness of American society and the number of influential leaders in other countries who would benefit from contact with its resources, the program is not too large. Some USIA Posts continue to request increases in their International Visitor Programs, while none argues that its program is significantly too large.

However, given the administrative infrastructure in the United States—particularly the constraints on private, volunteer organizations that program visitors at the local level—we do not believe that the program should be significantly expanded at this time.

Our fiscal year 1986 budget request reflects this belief. We have requested a modest increase to permit strengthening of the program infrastructure, particularly at the local level, but no significant increase in the number of grantees.

Question 12. Please explain the role of VPS, AAI and IIE in the Visitors Program. What is the cost per visitor for each of these grantees?

Answer. The Visitor Program Service (VPS) of Meridian House International, the African American Institute (AAI) and the Institute of International Education (IIE) are three of the principal private organizations which arrange programs for International Visitors under grants from USIA.

With guidance from USIA, each organization is expected to design a national itinerary for visitors; contact local sponsors to request programming services in the cities to be visited; supervise the visitor's progress during the visit and resolve problems as they arise; arrange administrative support for the visit, including payment of per diem, travel, ticketing and insurance; and report back to USIA upon the conclusion of the visit.

For fiscal year 1984, VPS claimed $1,758 for administrative costs per visitor; AAI claimed $2,329; and IIE claimed $2,153. Program costs for all three program agencies were computed identically on the basis of grant benefits approved for the International Visitor Program.

Question 13. Please outline the steps you have taken and expect to take to bring new, smaller grantees to participate in the Visitors Program.

Answer. We have been receptive to unsolicited proposals to administer group International Visitor projects where the proposals and organizations are consistent with our guidelines and the program's purpose. Examples of new organizations with which we have only recently begun to cooperate are Delphi Research Associates, the Academy for Educational Development, and the Center for the Study of Southern Culture of the University of Mississippi.

we will continue to be receptive to such proposals and to expand the range of our contacts among private organizations that may be interested in participating in the program. A number of "new" organizations are already in contact with us, and we tentatively plan to involve them either as primary grantees or subgrantees in projects scheduled for later this year and next year.

Question 14. What steps have you taken to ensure that overhead rates for grantees are kept to a minimum?

Answer. Senior management of the Bureau of Educational and Cultural is currently discussing a Bureau policy on payment of overhead charges. These discussions will lead to a Bureau policy statement on the subject in the near future. The purpose of the statement will be to ensure that officers in the Bureau negotiating grants with private organizations seek the lowest overhead charges possible.

In many cases, overhead (i.e., indirect administrative) charges payable under government grants are set by auditors of the cognizant government agency and are not subject to negotiation by individual grant-awarding agencies. To address this problem to the extent possible, USIA is in the process of increasing its audit staff in order to facilitate more regular and thorough audits of USIA grants.

Question 15. Have the new guidelines calling for balance in USIA programs worked? What adjustments would you like made in this and other formal and informal guidelines?

Answer. The guidelines on balance have worked, and they are useful to us as a reminder to review every contemplated grant to ensure that our programs are broad-based and diverse.

Question 16. Should an attempt be made to increase the proportion of exchange funds awarded to the private sector program, restoring the program ratios that prevailed prior to 1983?

Answer. We do believe that additional funding of the Office of Private Sector Programs is warranted. The cap on funding of that office over the past 3 years has limited our ability to respond to the new program ideas and increased costs of those organizations which have traditionally looked to USIA for partial support of their activities. In addition, the cap has severely restricted our ability to respond to requests from our Posts and proposals from other private organizations for activities that would address the Agency's mission and objectives.

Question 17. You have asked for a large increase in the books abroad program. Why is this increase necessary? If funds appropriated to USIA are below the requested amount, will book program increases still be funded?

Answer. Except for a handful of advanced industrial countries, the current market for American books overseas is very weak. Many countries are able to purchase no American books whatsoever. Yet serious books are unequaled in their ability to treat complex subjects thoroughly.

Meanwhile, Soviet books on a wide variety of subjects are available at low cost virtually everywhere in the world. We estimate that the Soviet Union exports in excess of 70 million books annually.

Because of the scarcity of American books overseas and the strength of the competition from Soviet books, the National Security Council directed the formation of a Task Force on American Books Abroad, made up of representatives from the government and from the publishing industry. It was on the basis of the Task Force's report that USIA has proposed a modest, market-oriented beginning to a U.S. effort aimed at making serious American books more readily available overseas.

If funds appropriated are below the requested amount, the Agency would have to reevaluate its priorities to determine what, if any, funds could be made available for an expanded book program.

Question 18. In the 1984-85 bill, funds were made available for libraries. Why were some of these funds appropriated to regional offices rather than to the Office of Cultural Centers? Can we be certain that funds appropriated for libraries were all used for that purpose?

Answer. The cost of operating and supporting the Agency's overseas libraries is displayed in the "Overseas Missions—Geographic Areas" sections of the budget as well as in the "Educational and Cultural Affairs" section. Thus, the enhancements called for in the 1984—1985 legislation are also split.

Located in Washington, and working closely with staff members of the geographic area offices and overseas based library personnel, The Office of Cultural Centers and Resources of the E Bureau provides the essential centralized support for maintaining and/or supporting libraries in American centers, reading rooms and binational centers in 91 countries. This support includes producing multi-media training packages, recruiting Library Fellows, conducting library workshops and seminars for foreign national library employees. It also includes consultative and materials support to country and overseas based regional librarians as well as purchasing most of the books, library equipment and material for these libraries. The costs of the latter are charged to, and shown in the Overseas Missions part of the USIA budget.

In 1984 and 1985 funds provided for library enhancement have been or are being used to update and expand book collections; data base installations; establishing online program materials index; establishing three additional regional librarians; renovation or refurbishment of library facilities and adding foreign national positions at several posts to expand library activities.

In summary, most of our library expenses are reflected under the geographic area sections of our budget representing organizational responsibility. However, as stated, there are also costs in the E Bureau as well as close coordination between the field and Washington based staff.

Question 19. Please outline in detail the steps you have taken to clarify the purpose of the amparts program and the criteria by which speakers are selected.

Answer. In 1984 the Office of Program Coordination and Development (P/D), which administers the AmPart program, issued two basic internal guidance documents on the criteria for the selection and programming of AmParts. One is a memorandum (February 28, 1984) to the former Associate Director of the Bureau of

Programs, Gifford Malone, and the second, "AmPart Selection", is a guidance paper which was issued to all P/D staff members. Copies of both are attached.

These basic documents are continously referred to in the ongoing discussion of AmPart programming between the Program Development Officers (PDOs) and P/D management.

PDOs have been clearly instructed that a potential speaker's personal political views are not to be taken into account in speaker selection. The test is rather one of expertise, to find the very best speaker available to fulfill the requirements of the project as outlined by the requesting post(s).

P/D has also reviewed the regular guidance documents on AmPart programming sent to the overseas posts during the past year to assure that the AmPart selection criteria and the purpose of the program are understood and shared by all parties to the process. The latest "Operating Principles and Procedures" are attached.

Finally, documents explaining the AmPart program to potential and selected speakers have also been updated and sent out as a matter of routine. Copies of these are attached.

In short, a concerted effort has been made by the Agency to review and clarify with the programmers, the overseas posts, and the AmParts (potential and actual) the basic precepts of AmPart selection and the purpose of the program.

FEB 28 1984

MEMORANDUM FOR: P - Gifford D. Malone

FROM: P/D - John Mosher JM

SUBJECT: AmPart Selection and Programming

Despite all recent improvements, our selection system has been one in which proposed names were submitted for review and exposed to possible rejection. You and I have agreed that we wish to move to a new constructive system based on a continually expanding bank of expert speakers.

To do this, I propose a new system emphasizing responsibility and consultation. The programming function should be firmly placed with the Program Development Officer (PDO), where it belongs. Managerial oversight and responsibility rest in varying degrees with the Program Managers, the Deputy Director and Director of P/D, the Associate Director of P, and ultimately with the Director of USIA.

Specific Responsibilities

1. Program Development Officer

The PDO has primary responsiblity for identifying potential speakers who are expert in his/her thematic area and likely to be responsive to field requirements. The PDO is responsible for creating and using an up-to-date speakers bank composed of diverse individuals identified in the PDO's research, contacts with relevant organizations and university departments, appropriate government agencies, panel members of the National Endowments, former successful AmParts, encounters at conferences, recommendations of top USIA management, and other such sources. The PDO is responsible for selecting, in intensive consultation with the Program Manager, speakers from the bank who will participate in the programs assigned to him.

2. Program Manager

The Program Manager has overall responsibility for the bank of experts in his thematic area to assure that the speakers represent the range of qualities necessary to effectively fulfill the needs of the field and advance mission objectives. He is responsible to decide if choices made by his staff are appropriate to the purposes of the program, and to insure that the best available AmPart is selected and that new participants are constantly brought into the AmPart program. The Program Manager will keep the Deputy Director and Director of P/D fully informed on the program and will consult with them to resolve any potential problems.

3. Deputy Director and Director, P/D

Responsibility for the whole AmPart program lies here. Issues the Program Manager cannot resolve are decided by the Deputy Director and Director, P/D, who can, if necessary, refer such issues to the Associate Director, P. At his discretion, the Associate Director may consult with the Director or Deputy Director of USIA.

APPROVE GM DISAPPROVE______ DISCUSS______ DATE 2/29/84

AMPART SELECTION

System Parameters

The original impetus for AmPart selection comes from the posts in the field through the annual country plan process. In its annual country plan, each post articulates the issues of particular concern to it and the programs it plans or requests to deal with those issues. Among the requested programs are speakers or AmParts (short form for American Participants).

By the summer before the new fiscal year, all posts have submitted lists of the topics and projects requested, which have been reviewed by the Area offices and the Office of Program Coordination and Development, which will ultimately recruit and provide the speakers. These lists give each project request a subject number which corresponds to Agency theme codes, and an abbreviated description of the topic. Washington provides project numbers, assigns each request to a particular thematic staff, and further organizes the request list by assigning program development officers (PDOs) to each project request and computerizing all requests worldwide to show the status of each project. Posts also indicate, if they wish to, in which quarter of the fiscal year they want their particular speakers.

As the new fiscal year approaches and begins, posts make specific requests based on their aggregate request list, defining the projects they want filled in terms of topic description, timing, and even the names of specific persons they want as speakers. The recent inspection of P/D brought out the need for posts to request speakers in as much detail as possible, being specific about the issues the speaker should address, and also being able to demonstrate how the request fits into their overall country plan. Since the time of that inspection (spring 1984), P/D has taken numerous steps to increase this aspect of request specificity and pertinence.

Speaker Bank

P/D is currently in the process of computerizing a master list of present and available speakers for the first time. Potential speakers can be nominated from virtually any source. They can nominate themselves or inform P/D of their own travel plans and availability. They can be nominated by others inside and outside the government who are aware of the AmPart program and find a particular individual well suited to its needs. PDOs are constantly searching for new potential speakers, by research done in their offices, by attention to professional publications and news reports, by attendance at professional conferences, etc.

The cumulative list of potential speakers is known as the speaker data bank. Bank searches can be made on any of the established fields and their parts. Some make more sense to search than others, but technically speaking it is possible to search on the following:

1. Name or member number
2. Fiscal year or calendar year
3. Theme
4. Topics (Expertise)
5. Speaker's title (limited)
6. Telephone area code
7. Business or home address (limited)
8. Preferred address use
9. P/D Branch
10. Program Officer
11. Geographic area and/or countries visited
12. Trip dates
13. Grant type
14. Cost of grant (limited)
15. Existence of speaker file in Central AmPart Files
16. Whether a questionnaire is suggested
17. Whether reprogramming is suggested
18. Whether a central file should be consulted
19. Language capability
20. Office recommending speaker
21. Whether the speaker is a USG employee

P/D will create and maintain a large, up-to-date, and flexible speaker bank, but it must be emphasized that a very large number of potential speakers is needed to provide those who are actually sent. A speaker who seems ideal for a particular project may not be able to travel at the time required. Others may be well qualified for a particular topic, in a particular language, at a particular post or area of the world, but less qualified for other projects. Some are simply held in reserve. Others are names of leading figures of such magnitude in their fields that they would always be welcome as speakers, although the financial restraints on the program and other guidelines it must follow in the interests of efficient administration may make it unlikely that these individuals will ever become available. The last cumulative list of available speakers, before the conversion to the speaker bank began, contained about 5000 names. Against that, P/D sends about 600 individuals abroad p.a., to fill about three times as many speaking projects. One project can involve as many as 20 appearances. We estimate that P/D speakers make between 10,000 and 15,000 appearances p.a.

Basic Principles of Selection

P/D responds to specific requests from our field posts. The posts must define their requirements for each speaker, a process requiring lively and detailed communication between them and P/D's program development officers.

In the spring of 1984, the principles of AmPart selection were subject to intensive public inquiry, which extended to Congressional hearings and debate about the legislative basis of the AmPart program, which is indicated in only the most general terms in the Smith-Mundt and Fulbright-Hayes Acts, and which has been the subject of frequent interpretation (see in particular Proposed Settlement in Seiler v. Wick, Civil Action No. 82-1182, November 18, 1982; American Law Division, Congressional Research Service, to Senate Foreign Relations Committee, David Keany, March 5, 1984; and the same dated April 3, 1984). In order to answer the challenges which emerged from this inquiry and debate as well as to fill the real needs of the AmPart program, the Director of Program Coordination and Development at USIA settled on four simple, basic principles of AmPart selection to be followed by program development officers in recruiting the best speaker available for each particular speaking project. These are:

(1) Common sense. In psychology, one test of sanity is the strength of a person's ties to reality. Common sense approaches to problems are based on a strong awareness of real conditions. The history of the United States has been marked by common sense approaches to problems and their solution. The realities of the specific speaker project situation (time, locale, local audience perceptions and receptivity, language constraints, etc.) must all be taken into account when searching for the right speaker.

(2) A Positive Approach. This principle in particular is intended to prevent any tendency to censor an individual from participation in the program, and is based in the question: Is this great country really afraid that any single individual, being sent abroad to speak, can somehow cause it harm? Speaker selection should be positive, that is, looking for the best person available - and not negative or based on the elimination or blacklisting of potential speakers. If a particular individual is the best speaker available in a particular field, meets all other logistical and bureaucratic requirements, and suits posts needs, that person should be located and recruited to speak.

(3) On matters of high national import, such as foreign or trade policy, the speaker should have a strong understanding of current reality. This does not mean the speaker must necessarily agree personally with current policy in the topic area, but the speaker must understand it and be able to articulate it. One of the basic missions of USIA in general and of the speaker program in particular is to dispel illusions, in particular illusions held abroad about the United States, its democratic system, and what the country stands for. Audiences do not want to learn about policy which perhaps existed in the past, but no longer. In policy areas, the speaker must be able to show audiences what the United States stands for now, and where current trends may lead.

(4) In more general terms and applicable to all speakers: a speaker must be up-to-date. As one the the great, forward-looking, and modern countries of the world, the United States must ship abroad today's (or even tomorrow's) goods, but not yesterday's. We want speakers who are in the forefront of their fields now. In this respect, P/D must be constantly aware of changing developments in all fields, and constantly locating and recruiting the precursors of those developments.

A potential speaker must have the expertise to meet and fulfill a post request as articulated in detail - and not to fulfill some other project or topic not requested. A speaker being recruited to speak on political processes (i.e., how government works, how policy is formed) is not being asked to expound on, say, foreign policy itself. A speaker being recruited to speak on existing foreign policy (as well as his personal views, which he would be asked to distinguish from those of the government) is not being asked to explain how such policy is normally formulated. The lines of distinction can be very fine, and the give-and-take of the actual programs on site will produce a certain overlap into related fields. But the basic question remains one of expertise: a well defined topic area to be dealt with by a well defined expert in that particular field.

It is up to the post to define its needs; it is up to P/D to fill them.

Guidelines as Restraints in Selection

Some of the bureaucratic guidelines of the program, which are designed to make it cost-efficient to the government, affect the selection of speakers. In general terms, a person already traveling in an area at no expense to the government is preferred, all else being equal, to a person who must be sent abroad to the same place at government expense. A speaker whose entire trip is paid for by the government (fully funded speaker) must speak for the AmPart program for at least two working weeks (10 working days, with 2 days per week rest) and in at least two countries. This rule is broken when a clearly identifiable and highly desirable goal can only be so met, and exceptions to it exist in large countries like India which have so many major posts that they can provide the full two weeks of speaking engagements without resource to a second country. But in its application, it works against the recruitment of certain well known individuals whose own schedules do not allow them to participate in the speaker program for periods as long as two weeks. A fully funded speaker can only repeat on a fully funded basis once every three years: this guideline is intended to prevent individuals from becoming "subscribing members" of the program with all travel expenses paid, and to prevent P/D from using the same speakers too often. However, a fully funded speaker can be used again with no time restraint on a partially funded basis (e.g., when the individual is traveling at non-government expense, or travel costs are shared). Speakers are paid normal government per diem to cover hotel and other daily costs, and they receive a token honorarium (currently $100) for each working day. These figures militate against candidates who expect the program to enrich them or even compete with the fees they can earn privately. The program requires personal and financial sacrifice of its speakers. Speakers travel tourist class and usually find the travelling and speaking schedule extremely rigorous.

It should be amply indicated by the above that not all persons will be willing to speak for the AmPart program, and that the AmPart program, as a government program, can not meet all the requests a candidate may make of it. No program guideline, however, is designed in any way to hinder any individual who has the required expertise from taking part in and representing the program.

Personal Political Views as a Factor in Speaker Selection

A candidate's personal political views are not to be taken into account in speaker selection. The test is rather one of expertise to fulfill the requirements of the topic as outlined by the post, and within the guidelines and following the principles outlined above.

Legislative Basis for the Program

Besides the Smith-Mundt and Fulbright-Hayes Acts, the three documents already mentioned (Proposed Settlement of November 18, 1982; Congressional Research Service papers of March 5 and April 3, 1984) provide the most thoughtful written discussion of the issues involved. It should be noted that it is not, as some have maintained, outside the scope of the program to provide a speaker who presents and defends the view of the incumbent administration. This mandate is implied in the Smith-Mundt Act, and is implemented, in effect, when a post requests an administration spokesman as speaker on a given topic.

A better understanding of the United States in other countries through the dissemination of information about the United States, its people, and its policies (Smith-Mundt) can definitely include the need to make current policy clear to foreign audiences, but can also cover any range of speaker requests through a grey area into simple educational and cultural exchanges (Fulbright-Hayes), for which reason it is not possible, as some have proposed, to simply divide what we do into two programs, each responding to the requirements of one of the Acts. These requirements are not written out in such a specific sense, and to attempt to do so would only hobble the program. In the process of defining each post theme and program request, focus sharpens on a particular speaker, but not on a piece of legislation.

A healthy, responsive program which meets the spirit of both pieces of legislation, as well as the needs of our field posts, will never be achieved by attempts at micromanagement or restrictive definitions on paper; rather it depends, in the best traditions of this free country, on the integrity, energy, and awareness of those individuals managing it. The program's propriety can be demonstrated by selection systems which are open and universal, and which stand up to any form of legitimate outside scrutiny.

Aftermath

All speaking engagements are evaluated by the posts in the field and their representatives who attend the programs. When a speaker has a poor delivery style, cannot respond to questions, rambles on at length, disappoints the audience, fails to address the requested topic, etc., as happens on rare occasions despite the best efforts of all involved, these aspects are noted in the evaluation sent to Washington by the post, and must be taken into consideration in future speaker selection. P/D is involved in finding the best person each time, and cannot be expected to propose a speaker who has disappointed posts on a previous assignment. Occasionally a speaker who volunteers his services turns out to be more interested in conducting and promoting his own personal business than in fulfilling the needs of the AmPart program. All such negative evaluations (and all positive ones as well) are taken into account in speaker selection. P/D insists that all negative evaluation aspects be factual, unemotional, and justifiable if queried. In this respect, it is much more difficult for a post to write out an evaluation with negative aspects than one which pleases everyone by its praise.

Further, P/D has its own internal evaluation system to deal with both the problems raised and the successes demonstrated by the individual speaker programs.

Partisanship

The program is not a partisan program. It is not intended to serve the interests of any party of political group, but those of the United States as a whole. Rather than advocate partisan policies (to, it should be noted, a non-voting foreign audience), AmPart speakers in policy fields are intended, if appropriate, to describe or explain United States government policies and positions, and this too in no way excluding their own personal attitudes or views. The speakers are intended to enlighten rather than to convert their listeners. This distinction, and the necessary vagaries of such an open, democratically administered program are touched on in the Senate Committee on Foreign Relations report for the Smith-Mundt Act in 1948: "If the programs are energetic, creative, and courageous as we hope them to be, there will be mistakes which sometimes happen to be dramatic. However, criticism which reflects perspective and judgement cannot but help the programs, and should be applied especially in detecting any persistent tendencies toward ineffectiveness, distortion, or partisanship."*

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* S. Rpt. No. 811, 80th Congr., 2d Sess., at 1948 U.S. Code & Cong. Service, Vol. 2, 1015, quoted in American Law Division to SFRC April 3, 1984

**United States
Information
Agency**

Washington, D.C. 20547

USIA

AMERICAN PARTICIPANTS

UNITED STATES INFORMATION AGENCY

BACKGROUND

The United States Information Agency is an independent organization within the Executive Branch of the U.S. Government and is responsible for the USG's international information and cultural programs.

USIA has over 200 offices in over 120 countries. Supported by a staff in Washington, Agency officers overseas provide host-country citizens a comprehensive program descriptive of American society and policies. USIA uses a variety of means to perform its mission. These include Voice of America broadcasts, two-way educational exchanges, a number of publications, a radio teletype news service and background material, video cassette recordings, live television feeds, book translations, outreach libraries, and exhibits.

But the primary resource on which USIA relies for effective communication programs is people. The Agency conducts and oversees such prestigious programs as the Fulbright, Humphrey, International Visitors exchanges and the American Participant Program.

THE AMERICAN PARTICIPANT PROGRAM

The American Participant (AmPart) program is one of the Agency's main vehicles for fostering effective discussion on major issues with overseas audiences. American experts from a number of fields have an opportunity while traveling abroad to meet with groups and individual professional counterparts interested in their specialities. The Agency seeks American experts in response to specific requests from its overseas posts. These experts are engaged to discuss pertinent developments in the United States and in its international relations with selected foreign audiences.

The program operates on the principle that a free society is its own best witness. Representing the broad range of responsible, informed opinion within the United States, participants are free to express their own ideas.

The American Participant program presents an unusual opportunity for qualified applicants to enrich the quality and variety of their experiences abroad while helping people in other countries better understand the United States.

PARTICIPANT SELECTION

If you have expertise in a subject which you believe would be of interest to overseas audiences, contact the United States Information Agency, Office of Program Coordination and Development, P/D, Room 550, 301 4th St., S.W., Washington, D.C. 20547. Include your curriculum vitae and a list of topics on which you are prepared to speak and note facility in foreign languages. The list should include an outline of salient points you would cover in a presentation.

Participants are selected on the basis of their ability to make timely and relevant contributions to the programming needs of various overseas posts. Generally, speakers who are qualified in one of the following subject areas -- economics, international political relations, literature and the arts, sports, U.S. political and social processes, or science and technology -- are sought to meet these needs. Participants are drawn from both the public and private sectors. Foreign language fluency is always desirable but often not required. A major factor in selecting participants is the expectation that they will share their experiences with American colleagues on their return.

If you are selected, the Agency will be pleased to provide assistance with passports, visas and insurance. We also normally pay program-related travel expenses. The Office of Program Coordination and Development is not, however, a travel grant organization. The Agency provides AmParts the standard USG per diem for the cities where programs are conducted, plus a modest honorarium. Participants are covered by supplementary accident and sickness insurance while they take part in overseas programs, but they must provide their own basic medical, accident and liability insurance.

AMERICAN PARTICIPANT PROGRAM
GUIDELINES FOR SPEAKERS

We at the U.S. Information Agency (USIA), called the U.S. Information Service (USIS) overseas, are grateful that you have agreed to take part in our American Participant (AMPART) overseas speakers program.

The following guidelines summarize over 35 years of experience in the conduct of this program. Please read them now and discuss any problems or questions with your USIA Program Development Officer (PDO) as he or she works out your program and travel schedules with you and the overseas USIS posts where you will be speaking.

WHY YOU WERE SELECTED AS AN AMPART

USIA selects American Participants primarily for their ability to clarify American opinions, practices and developments in major subject areas such as economics, international political relations, the arts, literature, social and political processes, sports, science and technology. The topics to be addressed are those identified by our overseas missions as being of current and vital importance in the bilateral dialogue between their host countries and the United States. The USIA Washington office does not select the topics we wish you to discuss.

While your program schedule will concentrate on your speaking engagements, we will also try to allow time for you to observe and learn about the host country, and we hope that, upon your return, you will share your insights with us as well as with other Americans.

ORGANIZING YOUR PROGRAM ABROAD

Now that you have agreed to participate in this program, we require some basic information from you before the PDO can proceed with your overseas scheduling. This information consists of the following:

-- the dates of your availability
-- your curriculum vitae
-- three or four topics on which you are prepared to speak (with brief talking points)
-- a short bibliography for suggested audience reading
-- copies of books or articles authored by you
-- a recent black and white glossy photograph of you
-- a current, signed passport, with at least one year remaining validity

After this information is received, the PDO will communicate with USIS overseas posts to arrange your itinerary and program schedule. As proposals and suggestions come in the PDO will discuss them with you so that your schedule will be jointly developed by you, the PDO and the overseas posts.

Question 20. How many hours of programming are you planning?

Answer. In addition to the ten hours of weekly programming to Europe, we will continue to organize regular Worldnet interactive press conferences with journalists in major capitals in Latin America, East Asia, the Middle East, and Africa on at least once a month. Thus by the end of fiscal year 1985 we expect to be broadcasting 14 hours weekly.

Question 21. Has Worldnet yet been shown effective for anything but live press conferences?

Answer. Although the great majority of Worldnet programs have been interactive press conferences, we have achieved considerable success with other program formats. Satellite excerpts from important speeches by U.S. leaders as well as special programs such as the Presidential candidates debate have received impressive placement in foreign media. For example, an eleven minute Spanish language excerpt from President Reagan's State of the Union message was used on television stations in 14 Latin American countries and viewed by a total audience of some 53 million. Both of the Presidential debates were transmitted to posts on four continents where they were viewed by prestigious audiences invited by our embassies, and extensive excerpts were carried on television. In Beijing, 220 Chinese government officials, media and academic representative gathered at the Great Wall Hotel to view the live satellite feed of Worldnet's debut in China. The Chinese were so pleased with this program that they reduced the normal technical support fee of $10,000 for the debate and election night feed to $1,000.

We have also organized very successful programs on medical subjects such a Hypertension, and the Artificial Heart. The Hypertension program was not a press conference, but a dialogue between leading American heart specialists with Arab counterparts in four countries. The full 90 minute program was broadcast by Jordanian and Moroccan television. Abu Dhabi's Arabic television used 65 minutes, the Egyptian television used segments in a "Science Magazine" show seen by a national audience of 10-13 million. Our two Worldnets on the Artificial Heart combined the press conference format with medical footage on heart operations and new techniques in cardiology which aroused great interests in both Europe and the Far East among both the general public and medical specialists. Portions of this Worldnet appeared on four French TV programs seen by a total of 29 million Frenchmen, were aired on three programs in Israel, and on eight TV stations in six countires in the Far East.

Finally, in cooperation with the Department of Commerce we organized a very successful Worldnet workshop on the Caribbean Basin Initiative. This Spanish language broadcast featured a panel of experts here in Washington explaining policies and procedures with respect to CBI to audiences of businessmen in Guatemala, the Dominican Republic, and Panama who had been invited to participate by our ambassadors and commercial attaches. Three hundred businessmen attended the satellited program in Guatemala where it received major press coverage and also was covered on television. In the Dominican Republic a 50 minute edited version of the workshop was broadcast to an estimated audience of 1.2 million. In Panama, 60 representatives of the private sector attended the workshop which was called an "unqualified success" by the Embassy and was covered by two major newspapers.

Question 22. It often seems that after an audit uncovers questionable costs, funds are never returned or matters otherwise remain unresolved. What is your process for resolving audits?

Answer. The Agency does, indeed, recover any unallowable costs. Usually questioned costs are a result of the lack of proper documentation. A copy of the audit report is furnished to the Grantee. The Grantee is given an opportunity to respond. If satisfactorily documented, questioned costs are allowed when the documentation satisfies the Contracting Officer, Legal Counsel and the Inspector General and the audit is successfully resovled. We try to resolve most audits within 6 months. If the costs are nonallowable, the Agency proceeds to collect, and has successfully done so.

Question 23. Does USIA have too many or too few political appointees? What is the ratio of career to noncareer appointees at the associate director level; at the office director level; among regional directors? How does this compare to April 1980?

Answer. The number of political appointees has increased since 1980, but this is appropriate because the number of initiatives and new programs has increased. To carry out their missions effectively, Presidential Appointees have sometimes selected as personal assistants and major element heads individuals who share their goals and with whom they can work most effectively. During previous Administrations this has been true to varying extents, depending on programmatic and managerial priorities. This Administration has drawn a greater number of individuals from the private sector in order to implement a number of new initiatives, to support the overall mission of the Agency. To carry out these initiatives, experts were recruited from the private sector to bring to the Agency specific attributes and experience to help launch these new initiatives.

Examples of these new initiatives include the following: Worldnet, the state-of-the-art television network through satellites linking U.S. policy makers in Washington questioned by foreign journalists at U.S. embassies abroad; the Satellite File, USIA's weekly syndicated half-hour TV news feed; "Film Facts USA," providing information required by foreign TV and film producers; conversion of videotapes for use by overseas posts; Tracking and Data Relay Satellite System, in which USIA has taken the lead in working with the Departments of State and Defense in developing a system of broadcasting of TV programs for selected embassies; the modernization and expansion of the Voice of America, including a $1.3 billion program involving the upgrading of present relay stations and construction of new stations and transmitter facilities; computer-to-computer automation of the daily Wireless File to a growing number of embassy posts; the Artistic Ambassador Program under which gifted American musicians are sent on solo tours abroad; the President's International Youth Exchange Initiatives under which youth exchanges have been increased by 12,000 over the past two years with $4.2 million pledged and $2,872,000 already received in private sector contributions; the United States-German Tricentennial Commission and Friendship Garden, with $493,000 received from private sector donations; the increased Educational Exchange budget in 1985 covering Fulbright, International Visitors, Hubert Humphrey Fellowship and private sector programs; the University Affiliation Program providing for exchanges of facilty between United States and foreign colleges; the Radio Marti Program; and the establishment of the Private Sector Committees.

The Private Sector Committees extend the operating resources available to the Agency by providing advice and review as well as tangible support for Agency programs. Appointees pursuing the Administration's goal of greater private sector volunteerism in government have guided the committees to such achievements as the contribution of free film and television properties and other program materials, professional analyses of Voice of America listenership, enhanced International Visitors Programs, and assistance in developing the Voice of America modernization program.

The increase in the number of political and noncareer employee appointments in USIA in this Administration substantially parallels the large increase in ceiling for total USIA employees authorized by Congress in the past few years. These increases reflect Congressional intent to enhance the role of the Agency in public diplomacy and to implement expansion, particularly in the Exchange programs and in the modernization of VOA.

The ratio of career to noncareer appointees, both for 1985 and 1980 is as follows:

	April 1985		April 1980	Noncareer
	Noncareer	Career		Career
Associate directors	2	[1] 2	3	1
Office directors	8	23	3	21
Regional directors	0	5	0	5

[1] These two positions are vacant and filled by career employees on an Acting basis.

Question 24. What is the function of the East-West Center? Is it worth $19 million?

Answer. The function of the East-West Center, as stated in its enabling legislation, the Mutual Security Act of 1960, "is to promote better relations and understanding between the United States and the nations of Asia and the Pacific through cooperative study, training and research."

Each year the Center involves some 1,700 people in its research projects, seminars and other academic activities. Two-thirds of these participants are from more than 40 countries and territories in the Asia/Pacific region, ranging from Pakistan to Korea on the continent and from Japan through the Pacific Islands to Australia in the Pacific. One-third of the participants are from the United States. It is this Asian-American cooperation that enables the Center to conduct research on issues and in areas not always open to American academics.

The Center's programs are issue-oriented, focusing on selected problems which have been identified as those of concern to the participating nations. The style of each program is cooperative, bringing together people of different cultures and countries. Participants represent various disciplines and include policy makers as well as academics. The results of Center-sponsored research are frequently used by the governments of Asia and the Pacific. For example, the Center produced the first mineral resources assessment for any nation in Asia. It was done for Papua-New Guinea and has been used by that government in determining placement of major construction sites. Subsequently, the Governments of Indonesia and the People's R public of China have asked the Center to produce assessments for those countries. Another example: The Center is the principal source of population data for the entire Asia/Pacific region. A third example: At the request of the government of Fiji, the Center examined that country's provincial administration. The entire resulting report, with 14 specific recommendations was adopted by the Fijian central government.

The Center is an invaluable tool in United States-Asian relations. It is a trusted institution, recognized as quasi-official and yet academically fully independent of any government while serving identifed national needs. As evidenced by our fiscal year 1986 budget request, USIA and the executive branch judge it well worth the investment when ranked against other opportunities.

Question 25. Please explain the delay in the VOA's Cuba Service reaching the air. How true is it that dissension among personnel has contributed to this delay? When will the Service be on the air?

Answer. As Director Wick indicated in testimony before the committee on April 1, 1985, the target date for beginning broadcasts of the Radio Marti program is late May 1985. Lack of staff, not staff dissension has been the primary cause of delay in beginning broadcasts. As Director Wick explained, the establishment of the Radio Marti Program has involved noting less than building a journalistic enterprise from scratch. This has required the recruiting and clearing of a large number of people, the construction of broadcasting facilities, the creation of a professional research organization, and the development of an associated support infracture for the operation. Radio Marti staff members are now engaged in 14½ hours per day of simulated broadcasting as preparations continue for inaugurating the service. Guidelines have been promulgated for the Radio Marti Program to ensure that its programs meet the VOA standards of accuracy, objectivity and balance.

Question 26. How can the function and importance of public diplomacy become better appreciated by the public, and ~~in the~~ foreign affairs community?

Answer. Polling data has established that most Americans are not well informed about foreign policy. It would, I think, be fair to say that even among those who do follow international affairs there is relatively little awareness of our agency and the importance of public diplomacy. This is true in part because an appreciation of public diplomacy demands a rather sophisticated understanding of contemporary international relations, in part because the exercise of public diplomacy is not likely to make the headlines, and in part because it was the intent of Congress to restrict the domestic dissemination of USIA materials in order to safeguard the American public against government originated propaganda. Those private individuals and institutions that have participated in our programs—perhaps by hosting a foreign visitor or by participating in an exchange program—have some understanding, but this is a very small number of individuals.

We believe it is important for Americans to understand the war of ideas that is being waged around the world, and we are consulting with members of Congress, the Advisory Commission on Public Diplomacy, and others to consider ways in which the American public can become more aware of public diplomacy and its importance to this country.

We believe the situation within the foreign affairs community is improving and that lack of appreciation for the importance of public diplomacy is a diminishing problem. With increasing frequency the Director is included in high-level policy meetings, and there is increased participation by Agency officers in inter-agency groups and task forces where issues relevant to public diplomacy are discussed. Overseas our Public Afffairs Officers have become increasingly central to the achievement of the goals of most embassies and so have become critical participants in the Country Team.

The situation is still not perfect. There are occasions when the Agency is not included, or is not included early enough, in deliberations where important foreign policy issues with public diplomacy implications are discussed. But there is definite progress and we believe it will continue.

Question 27. Mr. Wick, I have seen the July 24, 1984 letter from Dan Cohen, Chairman of the IYYC Board of Trustees to Under Secretary Armacost. In that letter, he alleges that Dr. Roy Godson "is making all of the major decisions on behalf of the International Democratic Youth." Would you respond to that allegation?

Answer. USIA's role in the International Youth Year has been limited to supporting specific activities aimed at preparing the American delegation for the Conference. The International Youth Year Commission was designated by the Department of State as the official, non-governmental coordinating organization for U.S. participation in International Youth Year. The National Security Council is the coordinator for U.S. Government activities related to International Youth Year.

Question 28. I further understand that James Taylor, head of the Young Americas Foundation, resigned from the IYYC vice-presidency and castigated Dr. Godson's policies. Is that correct?

Answer. That is correct. Mr. Taylor's principal complaint was his perception that representation at IYY would not be balanced.

Question 29. USIA has assured the committee in the past that Dr. Godson was no longer involved in Youth Year activities after some questions were raised about a conflict of interest. Would you respond to the concerns raised by Mr. Cohen and Mr. Taylor?

Answer. Dr. Godson's alleged conflict of interest concerned his relationship with private organizations involved in planning international Youth Year activities at the same time that he was a consultant to the Agency on International Youth Year. When that relationship was questioned, Dr. Godson resigned his consultancy.

We took very seriously the questions raised by Messrs. Cohen and Taylor with respect to balance in International Youth Year activities. In fact, subsequent to their complaints, the Agency informed the International Youth Year Commission that our Charter for the Bureau of Educational and Cultural Affairs requires balance in our grant activity. We advised the Commission that we would insist on such balance in any activities supported by that Bureau. We have monitored the situation closely since, and we are satisfied that the Commission's activities have, it fact, been balanced.

Question 30. How much money will go to libraries in FY 1986? How does this compare to FY 1985? Could we get better utilization from our libraries by keeping them open longer hours? By use of bookmobiles and other outreach programs?

Answer. Our budget request includes estimated expenditures on all library expenses at a level of $28,806,273. The equivalent figures for FY 1985 is $28,640,492.

Library operating hours are established by the Public Affairs Officer at each post based on foreign national personnel ceilings, priorities among a wide range of USIS program activities, library workload, security considerations and other local conditions, such as the availability of public transportation to and from the library and the interests of library users.

The principal constraint on operating hours for libraries is the ceiling on foreign national personnel; many posts would improve their services—including increasing their operating hours—if they could hire more foreign national librarians.

Similarly, USIS posts find that they are pressed even to satisfy the interests of their target audiences and their self-selecting audiences in the cities where libraries are located, let alone taking the library collection out into the countryside.

Rec'd. 4/1/85 pm

cc: EP - Dr. Brown

International Youth Year Commission
1518 K St., N.W., Suite 306 • Washington, D.C. 20005 • (202) 783 5959 • Telex 440636 USYC UI

To: Dr. Ron Trowbridge,
From: Floyd G. Brown
Re: Request concerning IYYC Funding
Date: April 1, 1985

The following information is submitted on your request concerning the U.S. International Youth Year Commission funding. The Commission when it was a project of the United States Youth Council received from USIA the following grants:

Grant Number	Period of Grant	Amount
IA20431-19-G	Oct. 1, 1982 - May 31, 1983	$57,100
IA20779-19-G	Aug. 1, 1983 - July 31, 1984	$128,970

Total amount received by USYC for IYY Programs, $186,070.

After the Commission formally separated from the USYC and became responsible for its own finances it received:

Grant Number	Period of Grant	Amount
IA21480-19-G	Sept. 1, 1984 - April 30, 1985	$135,725
IA21812-19-G	April 1, 1985 - Dec. 31, 1985	$236,695

Total amount received by U.S. IYY Commission, $372,420.

In order to insure the greatest amount of participation by Youth Organizations the U.S. IYY Commission Board of Directors adopted a policy of not charging membership fees. When the over 200 member organizations were not charged fees the private sector diminished. Total Private Sector monies received by the Commission total $1,915.00.

Your PDO will also assist you with other travel preparations, e.g., visas and immunizations. Application forms for required visas will be sent to you. These should be filled out as quickly as possible and returned to the PDO so that visas can be obtained. You must pay for the visas, a separate money order or bank check for each foreign embassy, but you will be reimbursed for this expense as indicated in the miscellaneous expenses portion of your grant. You will be informed what immunizations are required prior to your departure.

FINANCES: HONORARIA, PER DIEM, TRAVEL

Honoraria: As an AMPART you will receive an honorarium of $100 for each program day, i.e., any day during which you are required to participate in program events. We consider the Embassy briefing upon your arrival to be a program event; luncheons, dinners and receptions during which you are expected to continue your dialogue with host country audience members are also program events. Payment of the honoraria for your entire program will be arranged by your PDO when your speaking tour is completed. NOTE: processing a government check sometimes takes a long time!

Per Diem: You will also receive the U.S. Government per diem rate, for the particular city in which you stay overnight, for each day that you are there under USIA auspices. On days you request to be free to puruse your own personal interests, you will not receive per diem.

Travel: If you are travelling overseas on your own, USIA will pay for any diversionary travel to which you agree and which is necessary for your participation in the AMPART program.

If we initiate your trip, and you travel only under our auspices, USIA will pay all travel expenses. The PDO will take care of your international travel; local travel will be the responsibility of the overseas posts. You will be advised of all travel arrangements prior to the start of your AMPART program.

In principle, Ampart travel is via economy class. Do not change your government issued ticket without consulting your PDO as this could jeopardize the status of your ticket as to class or cost.

Travel Advances: If time permits, the PDO will make every effort to get you an advance on your per diem before your departure. Unfortunately, this is not always possible, and many posts are also unable to give your your per diem except in the currency of the host country. In this case, you will be paid in full for your per diem upon the completion of your trip. In any case, we recommend that you take sufficient funds to tide you over for unforseen events.

Money in general: It is a good idea to take credit cards if you have them. If not, take travelers' checks. In most countries your personal checks will not be accepted by banks, hotels, stores or restaurants. American Embassies are also unable to cash your personal checks.

PRIOR TO YOUR DEPARTURE

Prior to your departure, you will receive an AMPART Program Packet. It will contain some or all of the following items:

1. As stated above, time permitting, you may receive an advance on your per diem. If this happens, you will get a U.S. Treasury check for the amount of your per diem advance and funds allowed for educational materials and miscellaneous expenses (such things as visa fees, photos, phone calls and taxis which are related to your AMPART program).

2. An airplane ticket, a GEBAT (Government Excess Baggage Authorization) and two copies of your final itinerary. Any unused portion of your ticket must be returned to USIA upon your return.

3. Your passport complete with necessary visas.

4. An insurance card (and informational brochure): the USIA insurance is intended only to supplement your own personal medics and accident insurance. It alone is not sufficient to cover all exigencies.

5. An outline of your program for each country to be visited. The outline should include lecture topics as requested by the posts and agreed to by you prior to your departure.

6. Mailing addresses to which mail can be sent to you during your trip.

7. Telephone numbers of the Embassy Control Officers in charge of your individual country programs.

8. Your PDO's telephone number.

OVERSEAS

You will be met upon arrival at most overseas destinations, but there are exceptions to this practice, and you will be informed before your departure whether or not an Embassy employee will meet you.

Arrival Briefing: A briefing is usually arranged for you on the day of your arrival, depending on the time of the day. Briefings should cover local policy concerns and general cultural sensitivities as well as political and economic background relevant to your program. The USIS officers should give you a clear idea of who will be in your audience, at what level to address the audience and just what they hope to accomplish with your program activities. The AMPART program's basic premise is that a free society is its own best witness. What you say about your topics is up to you. We ask only that you clearly identify your own personal opinions and the policies of other bodies you may be speaking about, so that audiences are not confused.

Program Schedules: A typical program day consists of one formal and one informal event.

Informal Events: interviews, luncheons, receptions, dinners where there could be substantive discussions but for which no formal presentation or preparation would be required.

Formal Events: lectures, seminars, conferences, workshops, panel discussions. Even here posts will strive to keep the atmosphere relaxed and informal to promote as much interchange as possible. Formal events require a 20 minute to one hour presentation. Speaking from notes is generally preferable to reading a paper.

Non-Scheduled Events: USIA Washington requests posts to schedule no more than two events in any one day, but you may be asked to do more. Our general advice is to decline extra speaking events, especially if you are participating in an extensive speaking tour. Overseas programming in the abstract may not sound very tiring, but many factors will cause you fatigue. The major point to consider is whether or not the extra non-scheduled events will detract from your ability to communicate satisfactorily at planned events later in your schedule.

Every effort is made to assure the participant of an effective as well as comfortable schedule by keeping program days free of travel, and weekends as rest days. You will generally have no more than four consecutive days of programming without a mandatory rest or travel day. Bear in mind that this is our goal, but because of occasional tight schedules and the USIS field post's desire to make the most effective use of your services, there will be exceptions to these guidelines. You will, in any case, be informed of these exceptions in advance. You will not have any program activity on the day you land after a long trans-oceanic flight unless you approve beforehand.

The American Embassy will arrange, whenever possible, for you to have first class hotel accomodations at reasonable rates. If you prefer less expensive or deluxe accommodations, let your PDO know before your departure. Your per diem will usually be adequate for your normal daily living expenses.

Be aware that our overseas missions do not have the staff resources necessary to arrange tourism, shopping or other non-program events for family members who may accompany you.

BACK IN THE U.S.A.

When you return, your PDO will call you to get your evaluation of the trip. We appreciate your participation in this program, and we believe that your shared first-hand observations can help us to improve our bilateral communications as well as the way the program is run and structured. Please be fully prepared to discuss your experiences from both substantive and personal viewpoints.

Once the PDO has confirmed with you and the overseas posts the amount of honorarium to be paid to you, the PDO will start processing payment. (NOTE: U.S.Government employees are not paid honoraria.) Any necessary adjustments to be made to your per diem will also be taken care of at this time.

We hope that the above has been useful. Let us know how these guidelines might be improved. We welcome your ideas and suggestions and thank you for your cooperation.

INTERNATIONAL COMMUNICATION AGENCY

OUTGOING AIR POUCH MESSAGE

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COMMUNICATIONS SEC USE ONLY

3

SENT TO: ALL USIS POSTS

Origin
P/D-210

Info.
IO - 7
AF- 25
AR- 25
EA- 25
EU- 35
NEA-25
M/ACR
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ICA Gm-249

October 31,1984

USIAC: PARIS ALSO PASS ARS; LONDON ALSO PASS RRU;
NEW DELHI ALSO PASS RPO

[redacted]
E.O. 12356: N/A
Subject:

Reference:

OPERATING PRINCIPLES AND PROCEDURES FOR AMERICAN PARTICIPANT PROGRAM

SUMMARY: SINCE THE INCEPTION OF THE AMERICAN PARTICIPANT PROGRAM, P/D HAS SEARCHED FOR WAYS TO EXTEND THE USEFULNESS OF THIS RESOURCE AND TO CARRY OUT THE PROGRAM IN THE MOST EFFICIENT MANNER. THIS MESSAGE UPDATES THE KEY ASSUMPTIONS AND OPERATING PROCEDURES WHICH ARE OPERATIVE. IT ALSO DEFINES CERTAIN ASPECTS OF THE PROGRAM IN WHICH P/D SEEKS IMPROVED COOPERATION WITH THE POSTS. AMONG THE ISSUES ADDRESSED ARE: THE NATURE OF P/D'S COMMITMENT TO THE POSTS, WHAT CONSTITUTES FULFILLMENT OF A REQUEST, PROCEDURES FOR ONE-COUNTRY PROJECTS AND FACILITATIVE ASSISTANCE, P/D-POST COMMUNICATION ON PROJECT STATUS, PROGRAM PREPARATION, SPEAKER SELECTION, AMPART EVALUATION, SUPPORT MATERIALS, SPORTS AMERICA AND ARTS AMERICA AMPARTS. IT IS SUGGESTED THAT THIS MESSAGE ALONG WITH A COPY OF MOA X, SECTION 120 FORM PART OF ANY HANDBOOK OR BRIEFING MATERIALS THE POST MAY HAVE FOR EMPLOYEES INVOLVED IN SPEAKER PROGRAMS.

This message supersedes GM 128 of May 27, 1983; it is based on six years of cooperation between P/D and the Posts in establishing tried and effective procedures to make the Ampart program operate smoothly. It is hoped that the items reviewed below will provide additional clarification and will lead to a closer match between expectations in Washington and the field.

Dist. Desired (Offices Only)

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DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY
P/D Bruce Koch and Staff BCK	P/D	485-2764	9/25/84	P/M Schneider

ICA AND OTHER CLEARANCES
P/D:JMOSHER JM
P/D:JANTUNES
AR:RVIRDEN
E:JLEWINSOHN
E/V:RASCHADLER
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ENLIST IN THE "WAR ON WASTE" - USE AIRPOUCH INSTEAD OF TELEGRAMS

IA-1080 (12-78)

GRACE

POST	NO	CLASSIFICATION	PAGE	PAGES
CIRCULAR		UNCLASSIFIED	2 OF	13

I. REVIEW AND ACCEPTANCE OF POST REQUESTS

Upon receipt in the Agency post speaker requests in the Country Plan are reviewed by the Areas and P/D. If approved by the Areas, the requests are assigned to P/D for action. Inclusion of a post request in a print-out or Agency list of projects signifies only that the Area office considers it worthy of support; it does not mean that P/D has endorsed its viability, or agreed unconditionally to provide the requested AmPart. However, P/D will make a good faith effort to fill all Area-approved speaker requests which pass through the joint Area - P/D review process.

II. FULFILLMENT

While not every field request can be met exactly in accordance with the description provided by the Post in its request, P/D will make a concerted effort to search for the right AmPart in each case. However, although speakers are probably the most individualized form of support provided by the Agency, the AmPart program cannot, as a standard rule, operate on a one-country basis. Despite the growing magnitude of the overall program, our basic operating premise will continue to be to seek a speaker who is clearly relevant to the specific CP objectives of the requesting Post. To accomplish this requires systematic and substantive communication on AmPart projects between the Posts, their respective Areas and P/D except for teleconference programs, P/DS, as discussed further on. Still, the "ideal" AmPart will not always be available. For cost effectiveness, most available AmParts will have to be scheduled at several posts, each with somewhat different objectives. Operating on this basis in FY-84, P/D has been able to meet approximately 1900 commitments worldwide with over 600 individual speakers including 140 who were electronic Amparts. Less than half of the travelling Amparts were fully funded. At present the level of 1600 AmPart requests seems to us to be fairly close to an optimum balance between the need to meet the precise individual needs of each Post and our limited resources to do so. Any substantial increase in the number of AmPart requests beyond this level would mean P/D would have less time to find the "right" AmPart.

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Discussions with the Areas, the inspectors and several PAOs have led P/D to believe that fewer, more carefully selected AmParts are preferable to the recruitment of more AmParts. As one Area officer remarked, one carefully selected speaker, clearly relevant to the Post CP objectives and matched to the interests of the audience, is worth far more than 10 to 20 mediocre speakers who miss the point of the Post and the audience.

Each approved country plan speaker request is assigned a PROJECT NUMBER listed on an AmPart commitment sheet distributed to Posts prior to the beginning of each program year. Each project number represents a request for a single speaker. The project numbers are assigned by the Agency to reflect Post priorities for each theme: they are the basis for P/D's system of recording, planning, allocating and managing staff and budget resources to meet AmPart commitments to the Posts. Project numbers must be used in all correspondence relevant to a project and each cable must include the appropriate staff and PDO. A project number against which an AmPart speaker has been programmed is a project fulfilled and completed. In the allocation of P/D staff and budget resources, no project is ever considered to be "partially completed" or "partially fulfilled."

In some instances, an Ampart who technically fulfills a request may not meet all or even the minimum expectations for the Post program. A variety of circumstances — timing, length of availability, poor performance, low turnout, inability to travel to branch posts, etc. — can make the program less effective than was hoped. In such cases, P/D cannot guarantee a replacement speaker any more than T or P/P could guarantee a replacement VCR or magazine issue if the first product failed to meet Post expectations. However, if posts place a particularly high priority on what they consider to be a partially or poorly fulfilled project and wish to ensure a second opportunity, they may choose to exchange an unfulfilled lower priority request for a follow-up speaker.

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CIRCULAR		UNCLASSIFIED	4 OF	13

Unique projects which call for specific individuals are difficult to fill under the regular AmPart guidelines and often require one-country treatment with the Post covering part or all of the travel expenses. The guideline PDOs are required to follow is that an AmPart must go to at least two countries and be programmed a minimum of ten days to qualify for full travel funding by P/D. If these criteria are not met, the requesting post has the option of cancelling the AmPart program or paying for the AmPart's travel out of Post funds. Alternately, Post may consider programming an Electronic Dialogue for AmPart(s) unable to travel to the field. (See CM-094, April 1, 1983; CM-162, June 30, 1983 and CM-176, July 18, 1983.) Requests for such programs should be addressed to P/DS and should not be confused with WORLDNET (TV and P/DT) programming.

Once a request is filled in the sense described above, P/D does not normally continue to recruit against that Post's requirements. However, it will continue to offer AmParts who become available either through recruitment for other Posts' requirements or through their own travel to the region, unless the Post informs P/D otherwise.

If changing circumstances or emerging issues dictate a change in the Post's speaker requirements, new proposals should be submitted through the Area office specifying which unfilled requests the posts plans to give up in exchange for the new ones. Posts are asked to observe this substitution principle because adding projects to those already assigned would violate our annual apportionment procedures and further limit P/D's time available for seeking AmParts more precisely matched to Post requirements.

III. FACILITATIVE ASSISTANCE:

Occasionally posts may learn of important conferences and other events which they believe warrant special support or assistance independent of the speaker requests they have submitted to the Agency. P/D recognizes that such opportunities may play a valuable role in post relations with the institutions involved and, when possible, is willing to provide facilitative assistance in recommending speaker candidates, confirming their participation or exploring the possibility of USIA programs in conjunction with the event. However, all P/D Program Development Officers are committed to Country Plan related programs as their first priority and can only take on requests for facilitative assistance when time can be found between their regular programs. Since posts have no way to determine when such periods might occur, they are welcome to ask for assistance at any time, but with the full understanding that their requests will be denied if the program officer is too busy with other programs to accept them. Posts are urged not to make any promises to local institutions in this regard until the P/D officer involved has indicated his ability to assist. Turndowns may very well occur during peak program periods if posts submit lengthy lists of potential travelers to contact. The requesting Post will have to pay any ensuing honoraria, per diem and half the travel costs for any AmPart programmed over complement. The alternative is for the Post to assign a project number from a project which has not yet been fulfilled.NOTE: Electronic dialogues can be used with great success for such ad hoc programming situations.

IV. STAYING IN TOUCH ON PROJECT STATUS

The Country Plan now calls for fewer details on speaker programs and the need for follow-up communication is much greater. If the post intends to use the requested speaker for a particular event, such as a co-sponsored seminar, or needs a particular kind of AmPart at a specific time for a specialized audience it should follow up its requests with a detailed message spelling out all these desires. This message should be sent out early in the program year, no later than three or four months before the program is to take place. Further information on sites, accommodations, co-participants, etc., should be provided as soon as it becomes available.

Posts should also keep P/D abreast of any changes in the status of their project plans. Changing priorities, lack of suitable offers during the desired program period and other circumstances could cause a post to modify its programs or even drop plans for a project. P/D should be informed of such changes as quickly as possible, so that adjustments in recruiting plans can be made. In some intances, program officers have counted on two similar programs at neighboring posts to justify recruitment of a fully-funded AmPart, only to find at the time of the offer that one of the two had been fulfilled with a locally recruited speaker. If a locally recruited speaker fulfills a Post project, P/D and the relevant regional office should be informed immediately.

V. PREPARING THE POST AND THE SPEAKER FOR EACH OTHER

P/D tries to provide all relevant information that is available on an AmPart in the offering message. This most often includes the person's current position and relevant past experience, education, publications and research, and suggested topics, as well as the period of availability and funding arrangements. Information such as recommended support items, talking points, itinerary and persons accompanying the traveler may be included in the offering cable, but it is more likely to appear in subsequent messages.

In responding to speaker offers, posts are asked to pay careful attention to the response deadline which is usualy included in the offering message. Quick responses help the PDO to gain a firm commitment from the prospective AmPart; late responses weaken the recruitment possibilities. Even a tentative yes with some indication of the number of days the AmPart might be used is helpful. Detailed program proposals can follow. When a post accepts an AmPart offer, the cable must include an ID number assigned by the post and appropriate fiscal data. In subsequent messages posts should provide as much detail as possible on the audiences, locations, local perceptions on the issue, and other matters which will help the speaker prepare his presentation. USIA and State desk officers cannot be relied on to convey this kind of information, since few AmParts stop over in Washington in route to posts. Copies of articles from the local press and locally written papers as well as Embassy reports can be very helpful in letting speakers know what to expect in advance. It is the posts' responsibility to inform the Ampart how it wants his or her to address any particular audience.

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Although they come too late in most cases to expect a speaker to recast his or her entire presentation, arrival briefings are extremely important. In fairness to the participant, he/she should have the opportunity to talk with the principal officers of the Mission, e.g., the Ambassador, DCM, PAO, and chiefs of political, economic and other stafffs as appropriate. There is no substitute for providing up-to-date, authoritative information on the psychological climate in the host country, issues and concerns of the Embassy, and the special opportunities of challenges the speaker is likely to encounter. The Agency considers these briefings an essential part of every speaker's preparation for effective program activities. To be effective, they must be scheduled before any programs take place. (Honorarium must be paid for a briefing (See MOA 125.4(c)) at standard rate of $100 per program day.)

VI. SPEAKER SELECTION

Post recommendations including name requests are factored into the recruitment process as much as possible. Some desirable candidates are well out of our reach on the terms the Agency offers, particularly big name individuals who routinely command four or five figure lecture fees and self-employed consultants for whom time is money. The TYPE OF SPEAKER we seek most is the professional who is currently active enough in some area of policy or research to have attracted the attention of people in his or her field of expertise. "The American Participant Program aims to engage individual Americans representative of the full breadth of this country's excellence in USIA's overseas communication with foreign audiences." "To maximize the impact of this experience, the Agency has an active commitment to look beyond the limited circle of previous participants for qualified new faces representing important additional institutional links." (MOA 121).

The use of GOVERNMENT OFFICIALS AS SPEAKERS has increased in recent years. This is due to the increasing demand from field Posts for officials close to the Administration and the addition of the Satellite Speakers Staff(F/DS) which is able to program officials often too busy to be traveling AmParts. P/D is forbidden by Agency regulations to issue a travel grant to USIA employees for an AmPart project. Such travel can only be authorized by travel orders with funds coming out of the limited travel ceilings. Thus, a Post requesting USIA employees as AmParts will have to pay travel costs, seek Area support to cover travel expenses or use electronic dialogues.

LANGUAGE ability, where required, can present special problems. The Agency's policy is to pay FSI for a telephone assessment of an AmPart's language qualifications. All potential AmParts for programs requiring competence in French or Spanish are tested; other languages are tested only when the post makes a special request.

Questions are sometimes raised about the possibility of using citizens of other countries in the AmPart program. By definition speakers recruited by P/D are American participants, or U.S. citizens. However this restriction in the AmPart program applies only to speakers recruited by P/D and does not preclude posts from using qualified,locally recruited non-U.S. citizen speakers which the Post funds.

FULBRIGHT LECTURERS represent another excellent source of talent for the AmPart program. However, Posts should follow Agency guidelines in payment of honoraria to Fulbrighters. Honoraria cannot be paid to Fulbrighters during the period of their grant. This principle would not apply to a period prior to the initiation of a Fulbrighter's stay in a foreign country or after termination of his stay in the country of his assigment i.e., before the grant goes into effect. Posts programming Fulbrighters as AmParts should pay full per diem and in-country travel costs. P/D pays international travel only when a Post project commitment is fulfilled. Normally, a Fulbrighter would be travelling on Fulbright funded travel prior to or following completion of his or her assigment abroad.

From time to time Posts themselves will identify Americans resident abroad who my make good candidates for the speaker program. Posts wishing to nominate such individuals can submit the information normally included in an offering message to the appropriate regional office — ARS Paris for AF, RRU London for EU, and RPO New Delhi for NEA — or to P/D if from other areas.These offices can review the speaker's qualifications against Posts requests in the regional area of the speaker's line of travel and then suggest to the nominating Post where the candidate might profitably be offered.

VII. SUPPORT MATERIALS

When the offering cable is sent out on any AmPart, the Program Development Officer will attempt to include a full curriculum vitae. To supply the Posts with other support material, including photographs of the AmPart, P/D has a functioning Resource Specialist on each thematic staff whose responsibility is to research and identify articles, books, documents and other materials which the posts might usefully employ in conjunction with speaker programs. When available, the Resource Specialist will forward to the posts not only the titles and bibliographic information on these materials but also one copy of each item for post examination. Posts should keep in mind that the focus of the Resource Specialist's work is not general resource aggregation; it is exclusively on support for individual speaker programs.

Unless there is a clear specification to the contrary in the message carrying information on support items, P/D does not provide multiple copies, ordering or reproduction services for these materials. They must be ordered under the RMS system from the appropriate Agency office, usually E/XPB, E/XPD, E/C or P/FET. Copyright clearance questions should be addressed to P/FEC.

VIII. SPEAKERS EVALUATION

Cable 52227 of August, 1984 provides the basic guidelines for Post evaluations of AmParts. The evaluation should continue to be in the narrative form with emphasis on how well the speakers were tailored to the Posts' CP identified issues and/or Agency global themes. (This also means that the Posts must make it clear to the Program Development Officer during the selection/offering process what they hope to accomplish with the AmPart).

As noted in USIA 45699 (1984), the Agency would like to get a better analysis of the interplay between the AMPART AND INTERNATIONAL VISITORS PROGRAMS, two of the Agency's most effective means of enhancing bilateral communication between the United States and your host countries. Posts are requested to note significant exchanges between AmParts and former IV grantees during the AmPart programming. Posts should also indicate if E/VG should consider an AmPart in scheduling meetings for future IV grantees in shared fields of interest.

Be as candid as possible. IF SOMETHING WENT WRONG, let us know what it was and why. Alert other posts on the AmPart itinerary immediately of any potential or real problems. Submit final evaluations no later than two weeks after completion of the program. Cite in the CAP line the P/D Staff or Regional Office involved, PDO and project numbers on all evaluations. Include,in a separate paragraph, the final tabulation of the AmPart schedule, i.e., program days, rest days, honoraria. This is important since the final result often does not correspond to the original plans, and P/D needs this final tabulation to assure accurate accounting of Post and P/D funds. P/D SHOULD RECEIVE ALL AMPART EVALUATIONS, even if the AmPart was recruited directly by the Post or by a Regional Office. A locally recruited AmPart should be assigned an approved project number if he/she fulfills an approved AmPart request.

EVALUATIONS OF TELECONFERENCE PROGRAMS (telepress conferences, electronic dialogues, televised electronic dialogues and video dialogues) should be cabled to P/DS within two working days after program completion. Information from these cables is needed not only for internal Agency reporting, but also for thank-you letters sent (frequently from the Director) to the AmParts. Since the Agency hears teleconference programs as they happen, we are more interested in the Post's assessment of the overall effectiveness of the AmPart's performance(s), details of audience reaction and any media placement than in an account of the program content. As with any AmPart program, we need to know how it advanced or failed to advance the Post's Country Plan objectives. Also if there were any technical difficulties, include in the cable your assessment of the problem and recommendation to avoid a reoccurence.

With these evaluations, we expect to be better able to get you the right AmParts for your programs. It will also assure us of getting the right information for required AmPart reports including those which are regularly submitted to Congress.

IX. ARTS AMERICA AMPARTS AND SPECIALISTS

Speakers on literature and the arts are offered under the "Arts America" program. They travel under the same funding arrangements as other AmParts and are requested in the same manner as thematic AmParts. The same policy and funding procedures apply for one country requests. Posts that wish Arts America to recruit AmParts in conjunction with a film festival or art exhibition should request these speakers in their CPs. Each speaker will be charged to one of the Post's normally allotted AmPart projects. If other arrangements are made by Arts America for speakers in this category, Posts will be so advised in the offering or follow-up cables.

Posts may request Cultural Specialists (AculSpecs) for some projects. These are expert practitioners in the arts who can spend 2-6 weeks at post conducting workshops, master classes, directing plays, etc. Posts which find performing arts groups or exhibitions too expensive, or who lack facilities for such events might consider programming Cultural Specialists instead. "Arts America" will recruit the Specialists and pay international travel, honorarium and miscellaneous expenses. Posts are responsible for per diem and are asked to have a host-country institution which is willing to contribute towards these expenses. As funds for AculSpec grants are limited, priority

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will be given to requests indicating host country co-sponsorship. These grants are always made with Area guidance. Please refer to CM-435 on the guidelines for the Agency's Specialist program.

X. SPORTS AMERICA

Sports America is a new program resource established within the Office of Program Coordination and Development (P/D). The Sports America program office (P/DE-Sports) has responsibility to develop, coordinate and conduct all USIA international sports programming activities. The program is still in the developmental stage and has limited staff and budget. Nonetheless, P/DES now has cability to respond to field requests for program support in sports.

American Participants (Sports AmParts). During the past two years, P/D has programmed more than twenty five coaches as AmParts, primarily to posts in Africa. We expect to increase the number of coaches and to diversify areas of programming during the coming program year. As in programming other AmParts, primary efforts are made to fill posts requests specified in Country Plans. Although Sports AmParts have been programmed for varying lengths of time at different posts, experience indicates that programs conducted for two or more weeks by a coach at a single post are more effective than shorter programs. Sports America will pay for international travel and honorarium; post will be responsible for in-country travel and per diem (a part of which should be paid for by host country institutions). Depending upon availability of funds, P/D will adjust these cost-sharing arrangements in an effort to assist posts in programming sports AmParts.

American Sports Specialist (Sports). On a limited basis during FY 1985, P/D plans to program American Sports Specialists at several posts. These programs will be similar to the Arts America ACulSpec program and will provide sports specialists who can remain at a single post, or service posts in a geographic region, for extended periods. International travel and daily honorarium will be provided by Sports America. Posts will be responsible for in-country travel and per diem (a part or all of which might be provided by host country institutions).

Other Services. The Sports America office will work closely with the volunteer support groups, the U.S. International Sports Committee and other Agency elements, to secure donated equipment for posts' sports programming requirements; to facilitate and develop international tours by American sports teams; and to support exchange programs conducted by E Bureau's Office of International Visitors in the field of sports.

XI. INSURANCE WHILE ABROAD

Each AmPart is covered by an Agency Group Health and Accident Insurance Policy underwritten by the American International Group Life Insurance Company (AIG). The policy provides payment of expenses actually incurred over and above the first $25, but not exceeding $2000, as the result of each injury or illness. This policy provides minimal coverage and is not intended to replace the AmPart's existing insurance, including liability insurance, for which he or she is personally responsible. Each AmPart is given an explanatory brochure, a completed identification card and claim forms before departure from the U.S.

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Question 31. Is the USIA's policy of relying on the National Endowment for the Arts for validation of artists it sends abroad a wise one? Aren't USIA's needs often unique? Should it not have a better mix of young, fresh artists and those who are part of the artistic establishment?

Answer. USIA consults the NEA panels for artistic evaluation of the artists we wish to send abroad. We also seek recommendations of artists, exhibitions and performing arts groups who should be considered for programming. We believe that the relationship has worked well. Our needs *are* unique. That is why we provide the panels with briefing material in advance, attend their meetings to outline our specific needs, and provide them with information of what our posts have asked for and believe is of interest to foreign audiences.

We believe that the program does have a mix of both established artists and younger, lesser known groups. Among those who have traveled for us over the past two years are: fiddler and guitarist Mark O'Connor, pianist Frederick Moyer, the University of Iowa Jazz Ensemble, the Juilliard Chamber Orchestra, and country groups such as the New Grass Revival and Atchafalaya. We have provided facilitative assistance to university groups such as the University of Michigan Chorus and Princeton Glee Glub. In addition, our featured film package last year consisted of award winning student films are speakers on university film making in the United States.

Question 32. In response to an earlier question, you indicated that the administrative cost per student for the Latin American Scholarship Programs of American Universities [LASPAU] is $4,035, compared to $2,546 for the next highest program. Why is the cost of LASPAU so much more than for the others?

Answer. The higher cost for LASPAU is due primarily to additional staff travel costs authorized under the grant. This staff travel is necessary because of the unique nature of the LASPAU program and results in lower tuition cost for the participating students. All LASPAU program participants receive tuition waivers from their host institutions.

LASPAU is a faculty development program. Its implementation depends on selecting working Latin American university faculty who can succeed in an American course of higher education and who will return to their faculty positions upon completion of their program.

LASPAU staff visit each program country twice a year. The first development visit is for planning and promoting that year's program in collaboration with the USIS post or Fulbright Commission and the sponsoring Latin American universities. Development travel is instrumental in securing the sponsoring universities' contributions of salary support and their guarantees of positions for returning scholars.

During the second visit, an interview trip, a team interviews all candidates, thus providing LASPAU with a first-hand assessment of the candidates' preparation, objectives and ability to communicate. This information is essential in predicting which scholars will perform well and which U.S. university program would be most suitable for each scholar. The interview team's report is an important factor in U.S. universities' willingness to accept candidates and provide tuition assistance, since the candidates have just begun English training and have not yet taken the Graduate Record Examination.

Additional LASPAU staff travel is authorized to (1) orient new grantees; (2) assess progress of scholars; (3) interview grantees to judge personal adjustment and discuss academic placement issues; and (4) assess quality and nature of English language training. An essential element of visits to host universities is to ensure cost sharing by the universities in the form of tuition waivers, scholarships and fellowships.

[Whereupon, at 11:50 a.m., the committee adjourned, subject to call of the Chair.]

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